

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**  
315 Iron Horse Way, Suite 101, Providence, RI 02908

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**Rhode Island Airport Corporation**  
**2013 Series B/C Bonds**

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## **SECTION I**

# Credit Offering Memorandum

**To:** RIEDC Board of Directors

**From:** Sean W. Esten, Director of Financial Programs

**Date:** September 17, 2013

**Re:** Issuance of Revenue Bonds to refinance existing debt of the RI Airport Corporation

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## Background

The Rhode Island Airport Corporation was formed on December 9, 1992 as a semi-autonomous subsidiary of the then Rhode Island Port Authority, now the Rhode Island Economic Development Corporation to operate and maintain the state's airport system. The powers of the corporation are vested in its seven-member board of directors.

The Rhode Island Airport Corporation is responsible for the design, construction, operation and maintenance of the six state-owned airports; and the supervision of all civil airports, landing areas, navigation facilities, air schools and flying clubs.

In addition to T. F. Green Airport, the Rhode Island Airport Corporation is responsible for five general aviation airports throughout the state: Block Island, Newport, North Central, Quonset and Westerly.

Block Island State Airport provides essential access to the offshore vacation retreat. Visitors from around the country are able to reach the island via New England Airlines (1-800-243-2460), which operates a small commercial passenger service between Westerly and Block Island.

North Central State Airport is located in Smithfield, close to several business/industrial parks, and serves corporate and recreational users within the Providence metropolitan area, while relieving general aviation activity from T. F. Green Airport.

Quonset State Airport is a public use facility located on a peninsula that combines port, rail, road and air transportation facilities, and an extensive industrial park. It is home to both the Air and Army National Guard, who use the facility for training and aviation operations.

Newport State Airport is used by visitors to the area as well as local aviation enthusiasts and the Army National Guard. It serves the corporate community and visitors to the year-round festivals at Newport. The airport provides quick access for boat owners who harbor vessels in the nearby marinas.

Westerly State Airport fulfills several roles for the South County area, including corporate aviation service, extensive aircraft maintenance and repair and regularly scheduled air passenger service to Block Island.

Over the history of the RI Airport Corporation, many of the facility improvements and upgrades have been funded through the use of Revenue Bonds issued by the Rhode Island Economic Development Corporation. The most recent of these issuances was approved by the RIEDC Board and closed in June 2013 (2013 Series A Bonds) for the installation of a new De-Icer Glycol Management System for \$33.5 million. These bonds were purchased by the RI Clean Water Finance Agency.

As with any financing, from time to time the movement of interest rates makes it advantageous to refinance debt to take advantage of lower interest rates and realize a cost savings. In bond parlance this is referred to as "refunding". With interest rates during 2013 at historical lows, RIAC management has undertaken a process to identify if there are bonds that would be advantageous to refinance through the issuance of new bonds at the current market rates. Through this process, RIAC management and their financial advisors have identified bonds from 1998 and 2003 that make economic sense to refinance at this time.

As this is a refinancing of existing bonds, the overall financial position of RIAC will not change except for the savings realized from the lower interest rates. A full discussion of RIAC's financial condition can be found in the attached Preliminary Official Statement prepared by Citigroup as underwriter for this transaction.

### **Request for Consideration**

Due to constant fluctuations in market rates, the actual bonds and to be refinanced will not be determined until immediately before the sale of these bonds to the public. Based on current rates, RIAC has identified approximately \$18.3 million in bonds to be refinanced to realize a savings of approximately \$550k over the remaining life of the bonds. Depending upon market fluctuations, the final amount of bonds to be refinanced could potentially be as high as \$40 million or, alternatively, rising rates could erode the savings to the point where a refinancing is no longer advantageous.

Attached, please find draft documents for the issuance of the bonds. These documents include a draft Preliminary Official Statement detailing the refinancing to take place, the benefits to RIAC, a discussion of RIAC financial conditions and other necessary underwriting material. Draft bond documents are included for review and a greater understanding of the transaction. These documents are substantially complete with only minor revisions to the language expected prior to the issuance of the bonds. Also attached is an Economic Impact Statement as required for the issuance of Bonds by the RIEDC.

### **Recommendation**

RIEDC Staff recommends the approval of this transaction subject to the Board Resolution presented by RIEDC Bond Counsel. This recommendation is based upon the anticipated savings from the refinance of the bonds that will free up capital for RIAC to be utilized for operational needs and future capital improvements.



RESOLUTION AUTHORIZING THE ISSUANCE OF  
RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
AIRPORT REVENUE REFUNDING BONDS, 2013 SERIES B (NON-AMT)  
AND 2013 SERIES C (AMT) (COLLECTIVELY, "2013 SERIES B/C BONDS") AND  
AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A TENTH  
SUPPLEMENTAL INDENTURE OF TRUST, LOAN AGREEMENT, AND ALL OTHER  
DOCUMENTS AND MATTERS IN CONNECTION THEREWITH; APPROVING THE FORM  
AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT  
AND AUTHORIZING THE EXECUTION OF A FINAL OFFICIAL STATEMENT IN  
CONNECTION WITH THE OFFERING AND SALE OF THE 2013 SERIES B/C BONDS;  
PROVIDING FOR INCIDENTAL ACTION AND APPROVING OTHER RELATED MATTERS;  
AND PROVIDING FOR AN EFFECTIVE DATE

September 23, 2013

- WHEREAS: The Rhode Island Economic Development Corporation (the "EDC") was created and exists as a public corporation, governmental agency and public instrumentality of the State of Rhode Island and Providence Plantations (the "State") under Chapter 64 of Title 42 of the General Laws of Rhode Island, as amended (the "EDC Act"); and
- WHEREAS: The Rhode Island Airport Corporation ("RIAC") is a public corporation, governmental agency and instrumentality of the State organized and existing under Chapter 64 of Title 42 of the Rhode Island General Laws, as amended (the "RIAC Act") as a subsidiary public corporation of the EDC; and
- WHEREAS: The EDC Act authorizes the EDC to borrow money and issue bonds for any of its corporate purposes; and
- WHEREAS: The EDC has previously issued several series of Airport Revenue Bonds for the benefit of RIAC pursuant to a Master Indenture of Trust (the "Master Indenture") among the EDC, RIAC and U.S. Bank National Association, as trustee (the "Trustee"); and
- WHEREAS: The Board of Directors of RIAC previously has approved the refunding of the Refunded Bonds (as defined below) (the "Refunding") pursuant to the resolution of RIAC, attached as Exhibit A in order to take advantage of present market interest rate conditions; and
- WHEREAS: RIAC has requested that the EDC issue, as Additional Bonds (as this and other capitalized terms used herein and not otherwise defined are defined in the Master Indenture), its Airport Revenue Refunding Bonds, 2013 Series B (Non-AMT) and/or 2013 Series C (AMT) (collectively, the "2013 Series B/C Bonds") in an amount necessary to (i) refund on a current basis all or a portion of the EDC's outstanding (a) Airport Revenue Bonds, 1998 Series B (the "1998 Series B Bonds"), and/or (b) Airport Revenue Bonds, 2003 Series A Bonds (the "2003 Series A Bonds" and/or the 1998 Series B Bonds are collectively referred to as the "Refunded Bonds"), and (ii) pay the costs of issuing the 2013 Series B/C Bonds (collectively, the "Project"); and

- WHEREAS: The refunding of the Refunded Bonds will provide a net benefit to the EDC and RIAC; and
- WHEREAS: Within the limitations of and in compliance with Articles II and XI of the Master Indenture, the EDC is authorized to issue one or more Series of Bonds; and
- WHEREAS: The EDC has determined to issue the 2013 Series B/C Bonds in two series consisting of the 2013 Series B Bonds and the 2013 Series C Bonds, or, if market conditions change from the date of this authorization, to issue only that series in which there is a net benefit to RIAC and EDC; and
- WHEREAS: None of the 2013 Series B/C Bonds to be issued by the EDC or the payment obligations of RIAC shall constitute indebtedness of the State or a debt for which the full faith and credit of the State is pledged; and
- WHEREAS: The Master Indenture provides at Section 210 that, in connection with the issuance of a Series of Bonds, the EDC and RIAC shall execute and deliver to the Trustee a Supplemental Indenture governing the issuance of the Series of Bonds and setting forth the provisions thereof; and
- WHEREAS: There have been prepared and presented to this meeting of the Board of Directors (the "Board") drafts of the following documents:
- (1) A Tenth Supplemental Indenture of Trust among the EDC, RIAC and the Trustee (the "Tenth Supplemental Indenture");
  - (2) A Loan Agreement between the EDC and RIAC (the "2013 Series B/C Loan Agreement"); and
  - (3) A Preliminary Official Statement describing the 2013 Series B/C Bonds (the "Preliminary Official Statement"); and
- WHEREAS: Such documents appear to be in appropriate form and the terms are satisfactory to the Board, and the Board has determined that it is in furtherance of the public purpose of the EDC and the best interests of the State to proceed with the sale and delivery of the 2013 Series B/C Bonds; and
- WHEREAS: In order to maximize benefits to the EDC and RIAC in connection with such financing, it may be desirable to obtain bond insurance or other credit enhancement.

NOW, THEREFORE, acting by and through its Board, the EDC hereby resolves as follows:

RESOLVED:

1. To accomplish the purposes of the EDC Act and the RIAC Act, the issuance of the 2013 Series B/C Bonds is hereby authorized, subject to the provisions of this Resolution to refund on a current basis all or a portion of the EDC's outstanding (i) 1998 Series B Bonds; and/or (ii) 2003 Series A Bonds; and to pay costs of issuance in connection therewith (the "Project").

2. The Board of the EDC hereby finds and determines that: (i) the acquisition or construction and operation of the Project will prevent, eliminate, or reduce unemployment or underemployment in the State and will generally benefit economic development of the State; (ii) adequate provision has been made or will be made for the payment of the cost of the acquisition, construction, operation, and maintenance and upkeep of the Project; (iii) with respect to real property, the plans and specifications assure adequate light, air, sanitation, and fire protection; (iv) the Project is in conformity with the applicable provisions of chapter 23 of title 46 of the Rhode Island General Laws; and (v) the Project is in conformity with the applicable provisions of the state guide plan.
3. The Authorized Officers of the EDC for purposes of this Resolution are the Chair, the Vice Chair, the Treasurer, the Executive Director (or the Executive Director, or any Deputy Director), the Managing Director of Business and Community Development, the Director of Financial Programs and the Chief of Staff (the "Authorized Officers"). The Authorized Officers of the EDC are, and each of them acting singly hereby is, authorized to execute, acknowledge and deliver and/or cause to be executed, acknowledged or delivered any of the documents authorized herein with such changes, insertions, additions, alterations and omissions as may be approved by said Authorized Officer, and such Authorized Officer's execution thereof shall be conclusive as to the authority of such Authorized Officer to act on behalf of the EDC. The Secretary or the Assistant Secretary of the EDC, and each, acting singly, is hereby authorized to affix a seal of the EDC on the 2013 Series B/C Bonds and on any of the documents authorized herein and to attest to the same.
4. The 2013 Series B/C Bonds shall be dated as provided in the Tenth Supplemental Indenture and shall be in an aggregate principal amount sufficient to fund the Project and accomplish the Refunding. The specific form of the 2013 Series B/C Bonds, including without limitation, the principal amounts, the rates of interest, maturities, provisions for the signature, authentication, payment and redemption shall be as set forth in the Tenth Supplemental Indenture. The acceptance of rates of interest per annum to be borne by the 2013 Series B/C Bonds shall be determined pursuant to a certificate to be delivered by any one of the Authorized Officers at or immediately prior to closing.
5. The Board hereby recognizes that the 2013 Series B/C Bonds are to be issued in "book-entry" form and authorizes such form of issuance and the documents related thereto, including a Letter of Representations, if applicable, and authorizes the following: (i) the Authorized Officers to take such actions as they shall deem necessary or appropriate to obtain investment grade ratings from Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and/or Fitch Ratings for the 2013 Series B/C Bonds; (ii) the Authorized Officers are hereby authorized and directed to negotiate with bond insurance companies, and if determined to be in the best interest of the EDC and RIAC,

to commit to purchase bond insurance for one or more maturities of the 2013 Series B/C Bonds on such terms as such Authorized Officers determine are appropriate; and (iii) the EDC to prepare and publicly release an analysis of the impact of the Refunding in substantially the form required by and in accordance with Rhode Island General Laws Section 46-64-10.

6. The 2013 Series B/C Bonds shall be secured by a first lien on, and a security interest in, the Trust Estate, including (i) Net Revenues, (ii) monies and investments in certain Funds and Accounts pledged under the Tenth Supplemental Indenture, including (a) primarily, the accounts in the Bond Fund and the Debt Service Reserve Fund, and (b) with respect to the 2013 Series C Bonds only, the Pledged PFC Account, and (iii) the EDC's interest in the 2013 Series B/C Loan Agreement, including the right to receive Loan Payments from RIAC. Except with respect to certain Accounts in the Debt Service Reserve Fund, the 2013 Series B/C Bonds shall be equally and ratably secured with all other Outstanding Bonds issued under the Master Indenture.
7. The 2013 Series B/C Bonds shall be special obligations of the EDC payable solely from the revenues, funds, or monies pledged therefore under the Tenth Supplemental Indenture. None of the State or any municipality thereof, shall be obligated to pay the principal of, premium, if any, or interest on the 2013 Series B/C Bonds. Neither the full faith and credit nor the taxing power of the State, the EDC or any municipality thereof shall be pledged to the payment of the principal, premium, if any, or interest on the 2013 Series B/C Bonds.
8. The Board hereby appoints U.S. Bank National Association, as Trustee as Paying Agent and as Registrar for the 2013 Series B/C Bonds. Such appointments shall be effective upon the issuance of the 2013 Series B/C Bonds and shall remain in effect until the Board shall, by supplemental agreement or by resolution, name substitutes or successors thereto.
9. The use of a Preliminary Official Statement in substantially the form attached hereto as Exhibit B and the distribution thereof are hereby approved. The preparation and distribution of a Final Official Statement, substantially in the form of the Preliminary Official Statement, is hereby approved in connection with the sale of the 2013 Series B/C Bonds and the Authorized Officers, each, acting singly, are hereby authorized and directed to execute and deliver the Final Official Statement in the name and on behalf of the EDC. Any one of the Authorized Officers is hereby authorized to certify the "finality" of the Preliminary Official Statement on behalf of the EDC within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934. The Preliminary Official Statement and the Final Official Statement, as executed, shall be substantially in the form of the draft of the Preliminary Official Statement now before this meeting, with such changes therein as shall be appropriate to make proper disclosure of relevant information to purchasers of the 2013 Series B/C Bonds. The execution of the Final Official Statement on behalf of the EDC shall constitute conclusive

evidence of the Board's approval of any and all changes or revisions therein from the form now before this meeting.

10. The following agreements and documents are hereby authorized, each to contain such provisions and to be in such final form as an Authorized Officer or Officers shall determine to be necessary or appropriate (including any additional provisions required of the bond insurer, if applicable), and the execution, acknowledgement and delivery of each such agreement or document by such Authorized Officer or Officers shall be conclusive evidence as to authorization by these resolutions: (i) the 2013 Series B/C Bonds, (ii) the Tenth Supplemental Indenture; (iii) the 2013 Series B/C Loan Agreement; (iv) the Preliminary and Final Official Statement; and (v) such other agreements, instruments, certificates or documents, including, but not limited to, a Bond Purchase Agreement, a Continuing Disclosure Agreement and Tax Regulatory Agreement, as may be deemed necessary or appropriate by such Authorized Officer or Officers for the implementation of these resolutions.
11. All covenants, stipulations, and obligations and agreements of the EDC contained in this Resolution and the documents authorized herein shall be deemed to be covenants, stipulations, obligations and agreements of the EDC to the full extent authorized and permitted by law and such covenants, stipulations, obligations and agreements shall be binding upon any board or party to which any powers and duties affecting such covenants, stipulations, obligations and agreements shall be transferred by and in accordance with the law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the EDC or the members thereof, by the provisions of this Resolution and the documents authorized herein shall be exercised and performed by the EDC, or by such members, officers, board or body as may be required by law to exercise such powers and perform such duties.
12. The Authorized Officers of the EDC are, and each acting singly, hereby is, further directed to proceed to cause the net proceeds of the sale of the 2013 Series B/C Bonds to be disbursed to RIAC as provided in the documents authorized by this Resolution.
13. Any one or more of the Authorized Officers be, and each of them acting singly hereby is, authorized: (i) to determine, based on market conditions at the time of sale, the inclusion of the 2003 Series A Bonds in the Refunding; (ii) to approve the definitive terms of the 2013 Series B/C Bonds, including the principal amount thereof, the maturity and the interest rates; (iii) to fund the Debt Service Reserve Requirements related to the 2013 Series B Bonds and the 2013 Series C Bonds as more specifically set forth in the Tenth Supplemental Indenture by either (a) depositing available monies with the Trustee into the applicable Account in the Debt Service Reserve Fund or (b) to the extent acceptable to the Trustee, applying existing funds on deposit with the Trustee relating to one or more Accounts in the Debt Service Reserve Fund previously created and held by the Trustee on a pooled basis

relating to the Series of Refunded Bonds to create a combined Debt Service Reserve Fund that secure the 2013 Series B Bonds and/or the 2013 Series C Bonds, as applicable, and certain other Outstanding Bonds issued under the Master Indenture on a pooled basis as provided for in the Master Indenture; and (iv) to take such further action or to cause such further action to be taken as may be necessary or appropriate to effectuate the issuance of the 2013 Series B/C Bonds and to carry out the transactions contemplated by these resolutions.

14. All acts of the Authorized Officers which are in conformity with the purposes and intents of this Resolution and in furtherance of the Refunding and the purposes of the EDC Act and the RIAC Act, and the execution, delivery and approval and performance of the documents, certificates, instruments and agreements hereinabove authorized are, in all respects, and all prior actions taken in connection herewith are, ratified, approved and confirmed.
15. From and after the execution and delivery of the documents, certificates, instruments and agreements hereinabove authorized, each Authorized Officer is hereby authorized, empowered and directed to do any and all such acts and things and to execute and deliver any and all such documents, certificates, instruments and agreements, including, but not limited to, any and all amendments to the documents, certificates, instruments and agreements hereinabove authorized, as may be necessary or convenient in connection with the 2013 Series B/C Bonds or the Refunding, or to carry out and comply with the provisions of the documents, certificates, instruments and agreements hereinabove authorized.
16. The 2013 Series B/C Bonds may be issued on a tax-exempt basis, such that interest on the 2013 Series B/C Bonds will be excluded from gross income for Federal income tax purposes. To facilitate the issuance of the 2013 Series B/C Bonds on a tax-exempt basis, an Authorized Officer, on behalf of the EDC, shall covenant that, in order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the 2013 Series B/C Bonds, the EDC will satisfy, or take such actions as are necessary to cause to be satisfied, each provision of the Internal Revenue Code of 1986, as amended (the "Code"), necessary to maintain such exclusion. In furtherance of the covenant contained in the preceding sentence, an Authorized Officer, on behalf of the EDC, shall agree to continually comply with the provisions of a Tax Regulatory Agreement to be executed by the EDC in connection with the execution and delivery of the 2013 Series B/C Bonds, as amended from time to time.
17. This Resolution shall take effect upon passage, however, the issuance of the 2013 Series B/C Bonds by the EDC is subject to the certifications required pursuant to Rhode Island General Laws Section 35-18-3(C)5).

# *Rhode Island Economic Development Corporation*

## *Confidential Bond Financing Application*

To the Applicant:

Attached is the Application of the Rhode Island Economic Development Corporation ("RIEDC", the "Issuer"). Also attached is a Request for Determination Application that must be completed by you for submission to the Rhode Island Division of Planning by RIEDC. The information requested herein, as well as any additional information that may be requested by RIEDC, is necessary for the purpose of processing your request for Economic Development Corporation Bond Financing. The information provided to RIEDC will be kept confidential.

Please complete this application and any related documents in full. Fill in all blanks, using the words "None" or "Not Applicable" when necessary. If an estimate is used, please indicate so accordingly. Should you require more space than available for a specific question, a separate sheet may be used and attached behind the appropriate page. The Application must be received at least ten (10) business days prior to the next regularly scheduled monthly meeting date for consideration at that meeting.

The following items are required attachments that must accompany the application:

- 1) A Commitment Letter from a prospective Bond Purchaser. If applicable, a Commitment Letter from a Letter of Credit Bank or Bond Insurer.
- 2) Financial Statements for the past two (2) fiscal years. (The Financial Statements of the Applicant or Guarantor shall be in such form as the Bond Purchaser shall require).
- 3) A ProForma Balance Sheet and Income Statement for the first year of operation after project completion of said financing.
- 4) A check or money order in the amount of \$1,000, made payable to the Rhode Island Economic Development Corporation. This non-refundable payment will cover the administrative expenses associated with the processing of this application.

Upon approval of any RIEDC application, a Public Hearing is held in connection with RIEDC's issuance of Revenue Bonds on behalf of the Related Applicant's Project. The Hearing is preceded by Public Notice duly given in a newspaper of general circulation.

Kindly return nine (9) copies of the complete application, including attachments, to:

Rhode Island Economic Development Corporation  
315 Iron Horse Way, Suite 101  
Providence, Rhode Island 02908

## Part I

## The Applicant

1. Applicant Rhode Island Airport Corporation  
Applicant's Business Street Location 2000 Post Road  
PO Box \_\_\_\_\_  
City, State, Zip Warwick, RI 02886
2. Contact Person Brian C. Schattle  
Title CFO  
Mailing Address 2000 Post Road  
Warwick, RI 02886  
Telephone Number 401-691-2238  
Fax \_\_\_\_\_
3. Parent/Guarantor (if any) Parent- RIEDC  
Parent/Guarantor's Business Address \_\_\_\_\_
4. Amount of Financing Estimated between \$32 million - \$40 million
5. Type of Financing Requested (check one):  
      X       Tax Exempt (See Note Below)  
\_\_\_\_\_ Taxable
- NOTE: Tax-Exempt financing is available for manufacturing facilities only. "Manufacturing facilities" is defined in the Internal Revenue Code of 1986 as "any facility which is used in the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property)".
6. Applicant's Type of Business Airport
7. Location of Project N/A – Refunding Bonds

NOTE: Tax-Exempt financing is available for manufacturing facilities only. "Manufacturing facilities" is defined in the Internal Revenue Code of 1986 as "any facility which is used in the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property)".



## Part II

## Applicant Information

1. Type of Organization: (check one)

\_\_\_\_\_ X Corporation  
 \_\_\_\_\_ General Partnership  
 \_\_\_\_\_ Limited Partnership  
 \_\_\_\_\_ Sole Proprietor  
 \_\_\_\_\_ Other (insert type) \_\_\_\_\_

- ## 2. State of Organization Rhode Island

3. Ownership (check one): Governmental

A. \_\_\_\_\_ Publicly Held

B. \_\_\_\_\_ Privately Held

(1) Number of shareholders or partners \_\_\_\_\_

(2) Provide ownership information on Schedule A

4. Name of Parent Company and percentage of ownership of Parent (if applicable)

RIEDC

5. Provide Applicant Officer information on Schedule B.

6. General Counsel to Applicant.

Contact Person	<u>Peter A. Frazier</u>
Firm	<u>Rhode Island Airport Corporation</u>
Mailing Address	<u>2000 Post Road</u>
	<u>Warwick, RI 02886</u>
Telephone	<u>401-691-2287</u>
Fax	

7. Local Counsel (if any)

Contact Person Same \_\_\_\_\_  
Firm \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
\_\_\_\_\_  
Telephone \_\_\_\_\_  
Fax \_\_\_\_\_

Schedule A  
Owner Information

Applicant:

Stockholders/Partners/Owners (ownership percentage)

1. <u>RIEDC (parent corporation)</u>	<u>100%</u>
2. _____	_____ %
3. _____	_____ %
4. _____	_____ %
5. _____	_____ %
6. _____	_____ %
7. _____	_____ %
8. _____	_____ %
9. _____	_____ %
10. _____	_____ %

Guarantor:

1. <u>N/A</u>	_____ %
2. _____	_____ %
3. _____	_____ %
4. _____	_____ %
5. _____	_____ %
6. _____	_____ %
7. _____	_____ %
8. _____	_____ %
9. _____	_____ %
10. _____	_____ %

Part III  
Guarantor Information

1. Type of Organization: (check one) N/A  

☐ Corporation  
☐ General Partnership  
☐ Limited Partnership  
☐ Sole Proprietor  
☐ Other (insert type) \_\_\_\_\_
2. State of Organization \_\_\_\_\_
3. Ownership (check one):
  - A. ☐ Publicly Held
  - B. ☐ Privately Held

(1) Number of shareholders or partners \_\_\_\_\_

(2) Provide ownership information on Schedule A
4. Provide Guarantor Officer information of Schedule B.

Part IV  
Financial Information

1. Auditors:

Contact	<u>Scott Bassett</u>
Firm	<u>McGladrey LLP</u>
Mailing Address	<u>1 Church Street</u> <u>New Haven, CT 06510</u>
Telephone	<u>203-773-6615</u>
Fax	_____
2. Attach financial statements for the last two years. – Available at [www.pvdairport.com](http://www.pvdairport.com).
3. Attach ProForma Balance Sheet and Income Statement for the first year of operation after project completion. – N/A – Refunding Bonds.

Schedule B  
Principal Officer Information

Applicant:

NAME	POSITION
1. <u>Kelly Fredericks</u>	<u>President and CEO</u>
2. <u>Brian Schattle</u>	<u>CFO</u>
3. <u>Peter Frazier</u>	<u>General Counsel</u>
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____

Guarantor:

NAME	POSITION
1. <u>N/A</u>	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____

Part V  
Project Information

Refunding of 1998 Series B and 2003 Series A bonds. The proceeds of the 1998 Series B bonds were used for airport related projects, including without limitation, terminal improvement projects, airfield related projects, and noise mitigation projects. The 2003 Series A bonds were used to refund a portion of the 1993 Series A Bonds.

1. Description of the Project – Real Estate (describe the nature, type and purpose of the facility to be financed).  
N/A
2. Description of the Project – Furniture/Fixtures/Computer/Machinery/Equipment (describe the furniture, fixtures, computer equipment and/or machinery/equipment to be financed).  
N/A.
3. Describe the basic operations to be conducted at the Project Site.  
N/A
4. Project Site
  - A. Acreage of real estate to be acquired – N/A
  - B. Square footage of existing buildings and/or buildings to be constructed  
N/A
  - C. Is the Project Site properly zoned for Applicant's proposed use? N/A
  - D. Has the Project Site been designated a wetlands by the Department of Environmental Management? (222-6820) N/A  
If yes, has a permit been obtained? \_\_\_\_\_
  - E. Is the Project Site within a flood hazard area as determined by the Statewide Planning Program? (222-2656) N/A
  - F. Please enclose map showing project location. – N/A

5. Construction

A. Name and address of contractor - N/A.

\_\_\_\_\_

\_\_\_\_\_

Date of Contract \_\_\_\_\_

Contract Price \$ \_\_\_\_\_

Date of commencement of construction \_\_\_\_\_

B. Name and address of architect \_\_\_\_\_

\_\_\_\_\_

Date of Contract \_\_\_\_\_

- NOTE: 1) Unless waived by the Board, all construction contracts and subcontracts are required to be covered by 100% performance and payment bonds and the construction and architect contracts must be assignable to the Issuer upon default
- 2) All disbursements of bond proceeds for construction must be substantiated in a manner satisfactory to the Issuer and must be reviewed and approved by an independent architect or engineer. The architect or engineer may be the architect or engineer engaged by the applicant for the Project, but, in no case be an employee of the Applicant or a related corporation.
- 3) the Applicant is reminded that in most cases, the State Building Inspector must approve all plans for the Project.

6. Machinery and Equipment

A. Amount needed for machinery/equipment \$ N/A

B. Is the equipment new? \_\_\_\_\_

C. Will equipment be located on project site? \_\_\_\_\_

If not, where? \_\_\_\_\_

NOTE: For tax-exempt financing applications. Only Project costs which have been paid or incurred **after** the adoption of an Inducement Resolution by the Issuer are eligible for financing with the proceeds of tax-exempt revenue bonds. This is also true for any amounts paid toward the purchase of land.

NOTE: For taxable financing applications. Only Project costs which have been paid **after** the adoption of an Inducement Resolution by the Issuer are eligible for a sales tax exemption (if applicable).

7. Environmental

A) Water:

1) Does the operation of the Project present any water pollution problems? N/A

2) Does the Project require use of water for other than sanitary purposes? N/A

If yes, then:

a. Total Gallons per month \_\_\_\_\_

b. Has approval been received from proper authority? \_\_\_\_\_

B) Sewer:

1) Will any discharge, other than waste, be disposed of in the sewer system?

N/A

If so, please explain: \_\_\_\_\_

2) If yes, has approval been received from the proper authority?

C) Air:

1) Will operation of the Project have any impact on air quality? N/A

2) If yes, have pollution control methods been approved by the Department of Environmental Management?

Part VI  
Employment Information

1. Present Employment in Rhode Island Approximately 150
2. Projected increase in employment due to Project:
  - at Completion of Project N/A
  - at Completion plus one year N/A
  - at Completion plus three (3) years N/A
3. Please give number and job description of present and prospective employees in the following hourly wage rate categories:

		NEW EMPLOYEES	
		↓	↓
Hourly Rate	Present Employees	As a Result of Project at Completion plus 1 year	Job Descriptions
\$6 - \$8	_____	_____	_____
\$8 - \$10	_____	_____	_____
\$10 - \$12	_____	_____	_____
\$12 - \$14	_____	_____	_____
\$14 - \$16	_____	_____	_____
Over \$16	_____	_____	_____

4. Please give number and description of the types of new jobs which will result from the Project (e.g., 10 supervisory, 35 skilled manufacturing, 5 secretarial, 2 clerks 2 administrators).

N/A

\_\_\_\_\_

\_\_\_\_\_

NOTE: 1) Employment levels will be monitored by the staff of the Issuer throughout the term of the financing for comparison with the Applicant's projections.

2) To the extent required by Chapter 28-5.1 of the Equal Opportunity Affirmative Action Law, the Applicant shall adopt an Affirmative Action Program designed to eliminate patterns and practices of discrimination. The Applicant shall provide such additional information with respect to its Affirmative Action Program as the Issuer may require from time to time.



Part VII  
Financing Information

1. Total Project Costs: - N/A

A)	Land	\$	_____
B)	Building		_____
C)	Construction		_____
D)	Machinery/Equipment		_____
E)	Costs of Issuance		_____
F)	Capitalized Interest		_____
G)	Miscellaneous		_____
	TOTAL	\$	_____

2. Loan Specifics:

A)	Amount of financing requested	<u>Estimated between \$32 - \$40 million</u>
B)	Proposed interest rate	<u>Approximate range from 1.7% to 4.9%</u>
C)	Maturity	<u>2014-2028</u>
D)	Purchaser of bonds	<u>Underwriter - Citi</u>
	Contact Person	<u>Neal Attermann</u>
	Telephone	<u>(212) 723-5646</u>
	Fax	<u>(212) 723-8939</u>
E)	Letter of Credit Bank of Bond Issuer (if any)	_____
	Contact Person	_____
	Telephone	_____
	Fax	_____
F)	Date by which funds are required	<u>Summer/Fall 2013</u>

3. Proposed Security for Financing:

A)	Mortgage on building and Project Site?	_____
B)	Security interest in equipment portion of project?	_____
C)	If other security, describe	<u>General Airport Revenues</u>
		_____

4. An annual administrative fee equal to one-eighth of one percent (1/8%) will be assessed by the issuer on the average principal amount of bonds outstanding up to a maximum of \$10,000 for any one year. — N/A

Part VIII

For Tax-Exempt Applicant Only

Tax-Exempt Applicants Must Complete Items 5A, 5B, 5C, 5D 1), 5D 2) and 5D 3) Below

5. Capital Expenditures -- if the amount requested is over \$1,000,000, please list:
- A) The amount of capital expenditures of the applicant or a related person to the Applicant for the last three (3) years in the city/town in which the Project is to be located. \$150+ million
- B) The amount of capital expenditures projected by the Applicant to be made in the city/town in which the Project is to be located for the next three (3) years (excluding capital expenditures to be made from proceeds of this financing). \$75+ Million
- C) Capital expenditures incurred during the last three years for any facility in a town or city directly adjacent to the town in which the Project is to be located. \$0
- D) Please list all tenants and subtenants of the facility:

Tenant/Subtenant	% of Facility Leased	Capital Expenses For Last Three Years
1) <u>N/A - Refunding Bonds</u>	<u>          %</u>	\$ <u>                    </u>
2) <u>                                    </u>	<u>          %</u>	\$ <u>                    </u>
3) <u>                                    </u>	<u>          %</u>	\$ <u>                    </u>

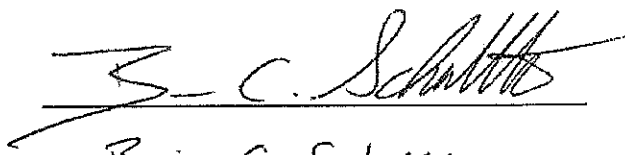
Part IX  
Certification of Applicant

Eligibility for financial assistance from the Issuer will be determined by the information presented in this application. Any changes in the status of the proposed Project from the facts presented herein could disqualify the Project. Please contact the staff of the Issuer before taking any action that would change the status of the Project as reported herein.

**CONFIDENTIALITY:** The information submitted with this application is considered by the Applicant to be confirmed and privileged pursuant to Section 38-2-2(d) of the General Laws of Rhode Island and are subject to review by the Auditor General pursuant to Section 22-13-9 of the General Laws of Rhode Island.

**CERTIFICATION:** I hereby represent and certify that the foregoing information, to the best of my knowledge, is true and complete and accurately and fairly describes the proposed Project for which financial assistance is requested.

SIGNATURE



NAME (PRINT)

Brian C. Schattke

TITLE

CFO

DATE

7/12/13

**Check List of Attachments**

- ☐ Is Economic Development Corporation Bond Application completed in full?
- ☐ Is Request for Determination Completed in full?
  - ☐ Is Locus Map attached to Request for Determination?
  - ☐ Is Site Map attached to Request for Determination?
- ☐ Is Commitment Letter from prospective Bond Purchaser attached?
- ☐ Is Commitment Letter from Letter of Credit Bank or Bond Insurer attached (if applicable)?
- ☐ Are Financial Statements for past two fiscal years attached?
- ☐ Are ProForma Financial Statements attached?
- ☐ Is \$1,000 check payable to RIEDC attached?

PRELIMINARY OFFICIAL STATEMENT DATED [ ], 2013

**NEW ISSUE--FULL BOOK ENTRY**

Ratings: See "RATINGS" herein.

*In the opinion of Cameron & Mittleman LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, (i) interest on the 2013 B Bonds and 2013 C Bonds (collectively, the "2013 B/C Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2013 C Bond for any period during which the 2013 C Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities refinanced with the proceeds of the 2013 C Bonds or a "related person," (ii) interest on the 2013 B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations, and (iii) interest on the 2013 C Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. Under existing law, interest on the 2013 B/C Bonds and any profit on the sale of the 2013 B/C Bonds are exempt from taxation by the State of Rhode Island (the "State") or any political subdivision or other instrumentality of the State, although the income thereon may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes. (See "TAX MATTERS" and APPENDIX C — "Form of Opinion of Bond Counsel"). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2013 B/C Bonds.*

\$[ ]  
**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**  
 \$[ ] Airport Revenue Refunding Bonds, 2013 Series B (Non-AMT)  
 \$[ ] Airport Revenue Refunding Bonds, 2013 Series C (AMT)

**Dated: Date of Delivery**

**Due: July 1, as shown on the inside cover**

The 2013 B/C Bonds are being issued by the Rhode Island Economic Development Corporation ("EDC") to provide funds to the EDC which will loan the funds to the Rhode Island Airport Corporation ("RIAC") (i) to refund, on a current basis, all or a portion of the EDC's outstanding Airport Revenue Bonds, 1998 Series B and the EDC's Airport Revenue Refunding Bond, 2003 Series A; and (ii) to pay costs of issuance related to the authorization, sale and issuance of the 2013 B/C Bonds.

The 2013 B/C Bonds are being issued as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof pursuant to the provisions of a Master Indenture of Trust, dated as of October 1, 1993, as amended (the "Master Indenture"), as supplemented by the Tenth Supplemental Indenture, among EDC, RIAC and U.S. Bank National Association, Boston, Massachusetts, as trustee (the "Trustee"). Interest on the 2013 B/C Bonds is payable on January 1 and July 1 of each year, commencing [July 1, 2014] (each, an "Interest Payment Date"). The 2013 B/C Bonds will initially be registered in the name of Cede & Co. as registered owner and nominee for the Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2013 B/C Bonds (the "Beneficial Owners") will not receive physical delivery of the 2013 B/C Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payment of the principal of and interest on the 2013 B/C Bonds will be made directly to such registered owner which will in turn remit such payments to DTC Participants and Indirect Participants for subsequent disbursement to the Beneficial Owners. The 2013 B/C Bonds are subject to redemption prior to maturity as more fully described herein.

The 2013 B/C Bonds will be payable from and secured by a pledge of the Trust Estate (as defined herein), consisting primarily of Net Revenues derived from the operation by RIAC of the Airport and certain General Aviation Airports, on a parity generally with the pledge securing approximately \$1,190,000 currently outstanding principal amount of EDC's Airport Revenue Bonds 1994 Series A, \$48,720,000 currently outstanding principal amount of the EDC's Airport Revenue Refunding Bonds, 2004 Series A, \$101,920,000 currently outstanding principal amount of the EDC's Airport Revenue Bonds, 2005 Series A, B and C, \$41,810,000 currently outstanding principal amount of the EDC's Airport Revenue Bonds, 2008 Series A, B and C and \$33,500,000 currently outstanding principal amount of the EDC's Airport Revenue Bonds, 2013 Series A outstanding under the Master Indenture (collectively, the "Prior Bonds"). Certain of the Prior Bonds are also secured by a pledge of PFC Revenues. See "Security and Source of Payment of the 2013 B/C Bonds" herein.

THE 2013 B/C BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF RHODE ISLAND OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN A SPECIAL AND LIMITED OBLIGATION OF EDC) AND NEITHER THE FAITH AND CREDIT NOR TAKING OR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2013 B/C BONDS OR THE INTEREST THEREON. EDC HAS NO TAXING POWER.

**See the inside cover page for maturities, principal amounts, interest rates, and prices or yields.**

*The 2013 B/C Bonds are offered for delivery when, as and if issued and received by the Underwriter, subject to the approval of legality by Cameron & Mittleman LLP, Providence, Rhode Island, Bond Counsel. Certain legal matters will be passed upon for EDC by its counsel, Shechtman Halperin Savage, LLC, Pawtucket, Rhode Island; for RIAC by its General Counsel; and for the Underwriter by its counsel Partridge Snow & Hahn LLP, Providence, Rhode Island. It is expected that the 2013 B/C Bonds will be available for delivery through DTC in New York, New York on or about*

*[ ]*, 2013.

This cover page is not intended to be a summary of the terms or security provisions of the 2013 B/C Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**CITIGROUP**

Dated: [ ], 2013

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS

\$[ ]

Rhode Island Economic Development Corporation  
Airport Revenue Refunding Bonds, 2013 Series B (Non-AMT)  
and Airport Revenue Refunding Bonds, 2013 Series C (AMT)

\$[ ] Airport Revenue Refunding Bonds, 2013 Series B (Non-AMT)

Serial Bonds

Maturity (July 1)	Amount	Interest Rate	Price or Yield	CUSIP <sup>†</sup>
----------------------	--------	------------------	-------------------	--------------------

\$[ ] [ ] % Term Bonds due July 1, 20[ ], Price [ ], CUSIP [ ]\*

\$[ ] Airport Revenue Refunding Bonds, 2013 Series C (AMT)

Serial Bonds

Maturity (July 1)	Amount	Interest Rate	Price or Yield	CUSIP <sup>†</sup>
----------------------	--------	------------------	-------------------	--------------------

<sup>†</sup> The CUSIP Numbers have been assigned by an independent company not affiliated with the EDC or RIAC and are included solely for the convenience of the holders of the 2013 B/C Bonds. None of the Underwriter, the EDC or RIAC is responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the 2013 B/C Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2013 B/C Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2013 B/C Bonds.

## **RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

### **BOARD OF DIRECTORS**

His Excellency Lincoln D. Chafee, Chairman  
Jerauld Adams, Vice Chairman  
Karl Wadensten, Treasurer  
Shannon Brawley  
Nancy Carriuolo, PhD  
Judith Diaz  
Maeve E. Donohue  
Roland Fiore  
Elizabeth Francis, PhD  
Oscar T. Hebert  
Jason Kelly  
George Nee  
Stanley Weiss

### **OFFICIALS**

Marcel A. Valois, Executive Director  
William J. Parsons, Managing Director, Business and Community Development  
John R. Pagliarini, Chief of Staff  
Thomas Carlotto, Esq., Secretary

---

## **RHODE ISLAND AIRPORT CORPORATION**

### **BOARD OF DIRECTORS**

Kathleen C. Hittner, M.D., Chairperson  
Joseph M. Cianciolo  
Bradford S. Dimeo  
Russell W. Hahn  
John Justo  
Michael A. Traficante  
Deborah M. Thomas

### **AIRPORT OFFICIALS**

Kelly J. Fredericks, P.E., A.A.E., President and Chief Executive Officer  
Peter A. Frazier, Esq., C.M., General Counsel  
Brian C. Schattle, CPA, C.M., Senior Vice President Finance and Administration, Chief Financial Officer  
Nicole S. Williams, CPA, Corporate Controller

### **Bond Counsel**

Cameron & Mittleman LLP, Providence, Rhode Island

### **RIEDC Counsel**

Shechtman Halperin Savage, LLC, Pawtucket, Rhode Island

### **Financial Advisor to RIAC**

Public Financial Management, Inc., Largo, Florida

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE EDC OR RIAC TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE EDC OR RIAC OR BY PUBLIC FINANCIAL MANAGEMENT, INC., FINANCIAL ADVISOR TO RIAC. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE EDC OR RIAC AND THE OWNERS OR ANY BENEFICIAL OWNERS OF ANY OF THE 2013 B/C BONDS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATIONS THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF RIAC SINCE THE DATE HEREOF.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF ANY OF THE 2013 B/C BONDS IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT QUALIFIED, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

UPON ISSUANCE, THE 2013 B/C BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OF THIS OFFICIAL STATEMENT OR, EXCEPT FOR RIAC AND EDC, APPROVED THE 2013 B/C BONDS FOR SALE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2013 B/C BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, WITHOUT PRIOR NOTICE.

THIS OFFICIAL STATEMENT IS MADE AVAILABLE TO PROSPECTIVE PURCHASERS OF THE 2013 B/C BONDS FOR REVIEW PRIOR TO PURCHASE AND IS IN A FORM DEEMED FINAL BY EDC AND RIAC AS OF ITS DATE (EXCEPT FOR PERMITTED OMISSIONS) FOR PURPOSES OF PARAGRAPH (B)(1) OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12, BUT IS SUBJECT TO REVISION, AMENDMENT AND COMPLETION.

THE COVER PAGE HEREOF, THE INSIDE COVER PAGE, THIS PAGE AND THE APPENDICES ATTACHED HERETO ARE PART OF THIS OFFICIAL STATEMENT.

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APPENDIX A - Financial Statements of Rhode Island Airport Corporation for the years ended  
June 30, 2012 and June 30, 2013

APPENDIX B - Definitions and Summaries of Certain Provisions of the Principal Documents

APPENDIX C - Form of Opinion of Bond Counsel

APPENDIX D - Form of Continuing Disclosure Agreement



**OFFICIAL STATEMENT**  
**Relating to**  
**\$[ ]**  
**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

**\$[ ] Airport Revenue Refunding Bonds, 2013 Series B (Non-AMT)**  
**\$[ ] Airport Revenue Refunding Bonds, 2013 Series C (AMT)**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page, inside cover page and Appendices hereto, is to furnish information concerning the Rhode Island Economic Development Corporation (the "EDC"), the Rhode Island Airport Corporation ("RIAC"), T.F. Green Airport, Warwick, Rhode Island (the "Airport"), as well as five general aviation airports in the State of Rhode Island and Providence Plantations (the "State") used primarily for private or military aircraft (the "General Aviation Airports" and collectively with the Airport, the "Airports", as more fully described herein), and certain other information in connection with the sale by EDC of its \$[ ] Airport Revenue Refunding Bonds, 2013 Series B (Non-AMT) (the "2013 Series B Bond") and \$[ ] Airport Revenue Refunding Bonds, 2013 Series C (AMT) (the "2013 Series C Bonds," and collectively with the 2013 Series B Bonds, the "2013 B/C Bonds"). All capitalized terms used herein and not otherwise defined shall have the meanings set forth in APPENDIX A.

The 2013 B/C Bonds will be issued pursuant to the Rhode Island Economic Development Corporation Act, Title 42, Chapter 64 of the Rhode Island General Laws, as amended (the "Act"), and a Master Indenture of Trust, dated as of October 1, 1993, as amended (the "Master Indenture") by and among EDC, RIAC and U.S. Bank National Association, Boston, Massachusetts, as trustee (the "Trustee"), and a Tenth Supplemental Indenture of Trust dated as of [ ], 2013 (the "Tenth Supplemental Indenture"). The 2013 B/C Bonds are to be issued and secured by a pledge of the Trust Estate consisting primarily of Net Revenues from the operation by RIAC of the Airports, on a parity generally with the pledge securing the EDC's \$30,000,000 Airport Revenue Bonds, 1994 Series A (the "1994 Bonds") currently outstanding in the principal amount of \$1,190,000 under the Master Indenture and Second Supplemental Indenture of Trust dated as of May 1, 1994, the EDC's \$52,665,000 Airport Revenue Refunding Bonds, 2004 Series A (the "2004 Bonds") currently outstanding in the principal amount of \$48,720,000 under the Master Indenture and Sixth Supplemental Indenture dated as of June 1, 2004, the EDC's \$115,255,000 Airport Revenue Bonds 2005 Series A, B and C (collectively, the "2005 Bonds") currently outstanding in the principal amount of \$101,920,000 under the Master Indenture and a Seventh Supplemental Indenture dated as of June 1, 2005, the EDC's \$51,165,000 Airport Revenue Bonds 2008 Series A, B and C (collectively, the "2008 Bonds") currently outstanding in the principal amount of \$41,810,000 under the Master Indenture and an Eight Supplemental Indenture dated as of June 1, 2008, and the EDC's \$33,500,000 Airport Revenue Bonds 2013 Series A (the "2013 A Bonds") currently outstanding in the principal amount of \$33,500,000 under the Master Indenture and the Ninth Supplemental Indenture dated as of June 6, 2013. See "SECURITY AND SOURCE OF PAYMENT OF THE 2013 B/C BONDS." The 1994 Bonds, the 2004 Bonds, the 2005 Bonds, the 2008 Bonds, the 2013 A Bonds (collectively, the "Prior Bonds"), the 2013 B/C Bonds and any additional bonds issued under the Indenture on a parity therewith ("Additional Bonds") are herein collectively referred to as the "Bonds."

A portion of the debt service of the 1994 Bonds, the 2004 Bonds, the 2005 Series C Bonds and the 2013 Series C Bonds are also secured by a pledge of certain PFC Revenues. RIAC previously received approval from the Federal Aviation Administration ("FAA") for authority to impose and use a Passenger Facility Charge ("PFC") to pay all or a portion of the costs of certain elements of Airport projects. See "PASSENGER FACILITY CHARGE."

RIAC is a public corporation organized in December 1992 as a subsidiary of EDC for the purpose of assuming operating responsibility for the Airports and undertaking certain capital improvements relating to the Airports. The Airports are owned by the State and prior to July 1, 1993 were managed by its Department of Transportation, Division of Airports ("RIDOT"). In order to provide for the transfer of operating responsibility for the Airports effective as of July 1, 1993, RIAC and the State entered into a Lease and Operating Agreement, dated as of June 25, 1993, as amended (the "State Lease Agreement"). See "RHODE ISLAND AIRPORT

CORPORATION - The State Lease Agreement" and "APPENDIX B -- Definitions and Summaries of Certain Provisions of the Principal Documents -- Lease and Operating Agreement." The State Lease Agreement is currently set to terminate on June 30, 2038. T.F. Green Airport located in Warwick, Rhode Island, is the principal airport operated by RIAC and served 1,914,828 enplaned passengers in Fiscal Year ending June 30, 2012.

The 2013 B/C Bonds are the tenth series of Bonds to be issued under the Master Indenture. The proceeds of the 2013 B/C Bonds will be loaned by EDC to RIAC pursuant to a Loan Agreement, dated as of the date of delivery of the 2013 B/C Bonds (the "Loan Agreement"), (i) to refund all or a portion of the EDC's outstanding Airport Revenue Bonds, 1998 Series B on a current basis and/or refund all or a portion of the EDC's outstanding Airport Revenue Bonds 2003 Series A on a current basis; and (ii) to pay costs of issuance related to the authorization, sale and issuance of the 2013 B/C Bonds. The 2013 B/C Bonds, the Prior Bonds and any Additional Bonds will be payable from, and secured by, (i) payments made by RIAC pursuant to the Loan Agreement, the loan agreements executed in connection with the 1994 Bonds, the 2004 Bonds, the 2005 Bonds, the 2008 Bonds, the 2013 A Bonds and any additional loan agreements, (ii) the Net Revenues of RIAC derived from the use and operation of the Airports and (iii) other amounts as described in the Indenture. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2013 B/C BONDS."

THE 2013 B/C BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN A SPECIAL AND LIMITED OBLIGATION OF EDC) AND NEITHER THE FAITH AND CREDIT NOR THE TAKING OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2013 B/C BONDS OR THE INTEREST THEREON. EDC HAS NO TAXING POWER.

## DESCRIPTION OF THE 2013 B/C BONDS

### General

The 2013 B/C Bonds will be issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof, will be dated the date of delivery and will bear interest from that date to their respective maturities as set forth on the inside front cover page hereof, subject to mandatory and optional redemption prior to maturity as set forth below under "DESCRIPTION OF THE 2013 B/C BONDS - Redemption Provisions." Interest will be payable semiannually on January 1 and July 1 of each year, commencing on [July 1, 2014]. Except as otherwise provided below under "DESCRIPTION OF THE 2013 B/C BONDS - Book-Entry Only System", interest will be payable by check or draft mailed to the registered owners thereof at the address shown on the registration books kept by U.S. Bank National Association (the "Registrar") at the close of business on the fifteenth (15th) day preceding the date on which the interest is to be paid, or if such day is not a Business Day, next preceding Business Day; provided, however, that payment of the Principal Amount of, Redemption Premium, if any, and interest on the 2013 B/C Bonds may, at the option of any registered owner of Bonds in an aggregate principal amount of at least \$1,000,000, be transmitted by wire transfer within the continental United States to such owner to the bank account number on file with the Registrar as of the Regular Record Date. U.S. Bank National Association is also serving as paying agent (the "Paying Agent") and authenticating agent (the "Authenticating Agent") for the 2013 B/C Bonds.

### Book-Entry Only System

*This section describes how ownership of the 2013 B/C Bonds is to be transferred and how the principal of, premium, if any, and interest on the 2013 B/C Bonds are to be paid to and credited by DTC while the 2013 B/C Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The EDC, RIAC and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

*EDC, RIAC and the Underwriter cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the 2013 B/C Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of*

*the 2013 B/C Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2013 B/C Bonds. The 2013 B/C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the 2013 B/C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of 2013 B/C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013 B/C Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2013 B/C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2013 B/C Bonds, except in the event that use of the book-entry system for the 2013 B/C Bonds is discontinued.

To facilitate subsequent transfers, all 2013 B/C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2013 B/C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2013 B/C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2013 B/C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2013 B/C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013 B/C Bonds, such as redemptions, defaults and proposed amendments

to the security documents. For example, Beneficial Owners of 2013 B/C Bonds may wish to ascertain that the nominee holding the 2013 B/C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2013 B/C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2013 B/C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to EDC or RIAC as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2013 B/C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2013 B/C Bonds, and redemption proceeds, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from EDC, RIAC or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or EDC or RIAC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be required by an authorized representative of DTC) is the responsibility of EDC, RIAC or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2013 B/C Bonds at any time by giving reasonable notice to EDC, RIAC or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2013 Bond certificates are required to be printed and delivered.

EDC or RIAC may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2013 Bond certificates will be printed and delivered to DTC.

*Use of Certain Terms in Other Sections of this Official Statement.* In reading this Official Statement it should be understood that while the 2013 B/C Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the 2013 B/C Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners will be given only to DTC.

*The information in this section concerning the Book-Entry-Only System has been obtained from DTC and sources that EDC, RIAC and the Underwriter believe to be reliable but none of EDC, RIAC or the Underwriter take responsibility for the accuracy thereof.*

#### **Redemption Provisions**

**Optional Redemption.** The 2013 Series B Bonds maturing on or before July 1, [ ] are not subject to optional redemption prior to maturity. The 2013 Series B Bonds maturing on or after July 1, [ ] shall be subject to redemption at the option of EDC upon the direction of RIAC on or after July 1, [ ] from optional prepayments made by RIAC under the Loan Agreement, in whole or in part at any time, at par, plus interest accrued to the date fixed for redemption.

**The 2013 Series C Bonds are not subject to optional redemption prior to maturity.**

***Mandatory Sinking Fund Redemption.*** The 2013 Series B Bonds maturing on July 1, [ ] are subject to mandatory redemption in part through sinking fund installments on July 1 of each year, commencing July 1, [ ] at a redemption price equal to 100% of the principal amount thereof together with accrued interest to the redemption date, in the aggregate principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>
	\$

***Partial Redemption of Bonds.*** Upon the selection and call for redemption of, and the surrender of, any 2013 Series B Bond for redemption in part only, EDC shall cause to be executed and the Authenticating Agent shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of EDC, a new 2013 Series B Bond or 2013 Series B Bonds of authorized denominations and like tenor, in an aggregate face amount equal to the unredeemed portion of the 2013 Series B Bond surrendered.

***Effect of Call for Redemption.*** On the date designated for redemption by notice, the 2013 Series B Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2013 Series B Bonds on such date. If on the date fixed for redemption moneys for payment of the redemption price and accrued interest are held by the Paying Agent, interest on such 2013 Series B Bonds so called for redemption shall cease to accrue, such 2013 Series B Bonds shall cease to be entitled to any benefit or security under the Indenture except the right to receive payment from moneys held therefor by the Paying Agent and the amount of such 2013 Series B Bonds so called for redemption shall be deemed paid and no longer Outstanding.

***Method of Selecting Bonds for Redemption.*** Except when registration of the 2013 Series B Bonds is maintained pursuant to a book-entry only system, 2013 Series B Bonds shall be selected for redemption as follows: (a) in the event that less than all of the 2013 Series B Bonds are to be redeemed, the maturities to be redeemed and the method of their selection shall be determined by EDC, and (b) in the event that less than all 2013 Series B Bonds of a maturity are to be redeemed, the 2013 Series B Bonds of such maturity to be redeemed shall be selected by lot in such customary manner as the Trustee shall determine.

***Notice of Redemption.*** During the period that DTC or Cede & Co. is the registered owner of the 2013 Series B Bonds, the Trustee shall not be responsible for mailing notices of redemption to the Beneficial Owners of the 2013 Series B Bonds. See "DESCRIPTION OF THE 2013 Series B SERIES BONDS -- Book-Entry Only System."

Each notice of redemption of 2013 Series B Bonds shall specify: (a) the date fixed for redemption, (b) the Principal Amount of 2013 Series B Bonds or portions thereof to be redeemed, (c) the applicable redemption price, (d) the place or places of payment, (e) that payment of the Principal Amount and Redemption Premium, if any, will be made upon presentation and surrender to the Trustee or Paying Agent, as applicable, of the 2013 Series B Bonds to be redeemed, (f) that Interest accrued to the date fixed for redemption will be paid as specified in such notice, (g) that on and after said date Interest on 2013 Series B Bonds which have been redeemed will cease to accrue, (h) the designation, including Series, date of issue, and the CUSIP numbers of the 2013 Series B Bonds to be redeemed and, if less than the face amount of any 2013 Series B Bonds is to be redeemed, the Principal Amount to be redeemed and (i) that the proposed redemption is conditioned on there being on deposit in the Redemption Fund on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed.

Any notice of redemption shall be sent by the Trustee not less than thirty (30) nor more than sixty (60) days prior to the date set for redemption by registered or certified mail to the registered owner of each such 2013 Series B Bonds to be redeemed in whole or in part at its address as it appears on the Register. Failure to give any notice with respect to any particular 2013 Series B Bond, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other 2013 Series B Bond with respect to which no such failure or defect has occurred.

Any notice of redemption may be rescinded by the EDC by written order given to the Trustee not later than five (5) Business Days prior to the date specified for redemption. Upon receipt of such written order, the Trustee

shall promptly disseminate notice of such rescission in the same manner, to the same persons, as the notice of redemption was given.

#### **PLAN OF REFUNDING**

Proceeds of the 2013 Series B Bonds will be used to refund, on a current basis, all or a portion of the remaining outstanding 1998 Series B Bonds, and proceeds of the 2013 Series C Bonds will be used to refund on a current basis, all or a portion of the remaining outstanding 2003 Series A Bonds, pursuant to the terms of the Indenture.

The EDC will cause a portion of the proceeds of the 2013 B/C Bonds together with other available funds to be deposited in the 1998 and 2003 Redemption Accounts established under the Third and Fifth Supplemental Indentures, respectively.

Such proceeds will be invested in Defeasance Obligations to pay the principal and redemption premiums and interest on the 1998 Series B Bonds and 2003 Series A Bonds being refunded through and including their redemption date on [ ]. In accordance with the Indenture, the Trustee shall receive an accountant's verification report as to the sufficiency of moneys and investments to provide for payment of the 1998 Series B Bonds and 2003 Series A Bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. By refunding the 1998 Series B Bonds and 2003 Series A Bonds, EDC and RIAC expect to achieve a reduction in debt service in each fiscal year through 2028.

In accordance with Rhode Island General Laws Section 35-18-3(c)(5), the Governor shall certify to the Speaker of the House of Representatives and the President of the Senate that the refunding of the 1998 Series B Bonds and the 2003 Series A Bonds will provide a net benefit to the EDC and RIAC.

## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds from the proceeds of the 2013 Series B Bonds:

### Sources of Funds

Principal Amount of the 2013 Series B Bonds	\$ _____
[Net Original Issue Premium/Discount]	_____
[Transfer from Debt Service Reserve Fund of the 1998 Series B Bonds]	_____
[Transfer from the Debt Service Fund of the 1998 Series B Bonds]	_____
<u>Total Sources of Funds</u>	<u>\$ _____*</u>

### Uses of Funds

Deposit to the 1998 Series B Bonds Redemption Account	\$ _____
Costs of Issuance <sup>1</sup>	_____
<u>Total Uses of Funds</u>	<u>\$ _____*</u>

The following table sets forth the estimated sources and uses of funds from the proceeds of the 2013 Series C Bonds:

### Sources of Funds

Principal Amount of the 2013 Series C Bonds	\$ _____
[Net Original Issue Premium/Discount]	_____
Transfer from the Debt Service Fund of the 2003 Series A Bonds	_____
<u>Total Sources of Funds</u>	<u>\$ _____*</u>

### Uses of Funds

Deposit of the 2003 Series A Bonds Redemption Account	\$ _____
Costs of Issuance <sup>1</sup>	_____
<u>Total Uses of Funds</u>	<u>\$ _____*</u>

<sup>1</sup>Includes, legal fees, underwriter's discount, rating agency fees, and other costs of issuance.

\*Numbers may not add exactly due to rounding.

## ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service for the 2013 B/C Bonds and for the Prior Bonds:

Bond Year Ending July 1	Outstanding Bond Debt Service: <sup>1</sup>	2013 B/C Bonds			Total Bond Debt Service:
		Principal	Interest	Total	
2014	\$19,335,399 <sup>1</sup>				
2015	17,827,374				
2016	23,325,128				
2017	23,629,814				
2018	23,627,581				
2019	21,126,477				
2020	21,122,364				
2021	21,106,706				
2022	21,116,567				
2023	21,090,307				
2024	16,190,933				
2025	14,022,252				
2026	13,996,104				
2027	13,973,779				
2028	13,950,447				
2029	10,121,322				
2030	10,093,060				
2031	4,557,134				
2032	4,528,664				
2033	4,501,025				
2034	4,472,777				
2035	4,437,810				
2036	2,207,575				
2037	2,200,025				
2038	2,207,850				
	\$334,768,472				

<sup>1</sup> Includes Monthly Deposits on the Refunded Bonds Prior to Defeasance



## SECURITY AND SOURCE OF PAYMENT FOR THE 2013 B/C BONDS

### The Indenture

The principal amount of, redemption premium, if any, and interest on the 2013 B/C Bonds will be payable from, and secured by a pledge of the respective interests of EDC and RIAC in the "Trust Estate" created under the Indenture. The Trust Estate consists of: (i) "Net Revenues" (as defined in the Indenture); (ii) moneys and investments in various Funds and Accounts pledged under the Indenture, including (a) primarily the 2013 B/C Bond Accounts in the Bond Fund, the 2013 B/C Bonds Debt Service Reserve Account in the Debt Service Reserve Fund and (b) with respect to the 2013 Series C Bonds only, the Pledged PFC Account; and (iii) EDC's interest in the Loan Agreement, including its right to receive Loan Payments from RIAC. The 2013 B/C Bonds are special and limited obligations of EDC payable solely from, and secured by, a pledge of the respective interests of each of EDC and RIAC in the "Trust Estate" created under the Indenture. (See "Pledge of Net Revenues" below)

THE 2013 B/C BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN A SPECIAL AND LIMITED OBLIGATION OF EDC) AND NEITHER THE FAITH AND CREDIT NOR THE TAKING OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2013 B/C BONDS OR THE INTEREST THEREON. EDC HAS NO TAXING POWER.

### The Loan Agreement

The Loan Agreement constitutes an unconditional obligation of RIAC to repay the Loan from EDC in such amounts and at such times as shall be sufficient to pay the principal amount of, redemption premium, if any and interest on the 2013 B/C Bonds. Pursuant to the Loan Agreement and the Indenture, RIAC will pledge the Net Revenues (as defined in the Indenture) on a parity lien basis with the pledge contained in the loan agreements relating to any portion of the 1994 Bonds, the 2004 Bonds, the 2005 Bonds, the 2008 Bonds, the 2013 A Bonds and the 2013 B/C Bonds and, except with respect to the issuance of Additional Bonds, will covenant not to otherwise encumber the Net Revenues except on a subordinate lien basis. For a description of the covenants of RIAC relating to the Airports and the Net Revenues. See "APPENDIX B -- Definitions and Summaries of Certain Provisions of the Principal Documents -- The Loan Agreement."

### Pledge of Net Revenues

Under the Loan Agreement and the Indenture, RIAC has irrevocably pledged the Net Revenues to the payment of its Loan and the payment of the 2013 B/C Bonds on a parity lien basis with its pledge securing the Prior Bonds and Additional Bonds, if any. "Net Revenues" are defined in the Indenture to mean Revenues less amounts needed to pay T.F. Green Operation and Maintenance Expenses (as hereinafter defined).

"Revenues" are defined in the Indenture to mean all income and revenues received or accrued by EDC or RIAC in connection with the ownership, operation or use of, or otherwise related to the Airports, including but not limited to (a) rentals, fees, and other charges for the use of or with respect to, the Airports (subject to certain deed restrictions relating to Quonset Airport ("Quonset") which require that Quonset revenues be used first to pay Quonset operation and maintenance expenses), (b) proceeds of business interruption insurance, (c) certain Federal Airport Improvement Program Grants ("Federal AIP Grants") which RIAC expects to receive from the FAA pursuant to a letter of intent dated September 30, 1992, as amended (the "LOI"), and (d) such other moneys designated as "Revenues" pursuant to the terms of a Supplemental Indenture; provided, however, that Revenues shall not include (A) interest income on, and any profit realized from, the investment of moneys in any Fund or Account to the extent that such income or profit is not transferred to, or retained in, the Revenue Fund or the Bond Fund; (B) interest income on, and any profit realized from, the investment of moneys in any fund or account funded from the proceeds of Special Facility Bonds; (C) amounts received by EDC or RIAC from, or in connection with, Special Facilities, unless such funds are treated as Revenues by EDC or RIAC; (D) grants-in-aid, donations, bequests and/or amounts received as reimbursement for previously expended money unless it is specifically designated or RIAC has lawfully elected that such grant, donation, bequest or reimbursement is to be treated as Revenues; (E) insurance proceeds which are not deemed to be Revenues in accordance with generally accepted

accounting principles; (F) the proceeds of any condemnation awards; (G) the proceeds of any sale of land, buildings or equipment; (H) proceeds of a drawing under a Credit Facility; (I) PFC Revenue; (J) Bond proceeds; and (K) any other amounts which are not deemed to be Revenues in accordance with generally accepted accounting principles or which are restricted as to their use.

PFCs are not included in the definition of Revenues. However, PFCs have been pledged to the payment of the 2013 Series C Bonds, as well as a portion of the debt service on certain of the Prior Bonds. See "Flow of Funds – Passenger Facility Change Fund and Pledged PFC Series Accounts."

"T.F. Green Operation and Maintenance Expenses" are defined to include all expenses of RIAC paid or accrued for operation, maintenance, administration and ordinary current repairs of the Airport, but does not include debt service, amortization or depreciation allowances, expenses reimbursable from sources other than Revenues, extraordinary items arising from the early extinguishment of debt, General Aviation Airports Operation and Maintenance Expenses or expenses paid from the Repair and Rehabilitation Fund.

### **Airline Revenues**

RIAC established Signatory Airline Agreements with Delta Airlines, Federal Express Corporation (FedEx), JetBlue Airways, Southwest Airlines, United Airlines, United Parcel Service Co. (UPS) and US Airways ("Signatory Airlines"). Affiliates of Signatory Airlines operate under the terms and conditions of the Signatory Airline Agreements. Air Georgian and Cape Air executed Non-Signatory Agreements. Air Georgian ceased operations at the Airport in February 2013.

The Signatory Airline Agreements address, among other things: (i) the use of the Airport, (ii) the lease of space in the terminal, and (iii) the establishment of rentals and fees. See "APPENDIX B -- Definitions and Summaries of Certain Provisions of the Principal Documents -- Airport Use and Lease Agreements." Amounts to be paid by the Signatory Airlines pursuant to the Signatory Airline Agreements constitute a major source of Revenues to RIAC, and therefore provide a significant source of payment related to the 2013 B/C Bonds. See also "THE AIRPORT - Airport Financial Operations." Airlines that are signatories to the Signatory Airline Agreements are contractually committed to make rental payments for terminal space identified in their respective agreements.

The term of the Signatory Airline Agreement extends through June 30, 2015 and may be extended for a five year renewal period by mutual written agreement. A Cost Center Residual Rate Methodology is utilized to establish the Landing Fee and Apron Rental Rates. The Terminal Rental Rate Methodology is Commercial Compensatory. A Majority-in-Interest approval is not required for Capital Improvement Projects. The Signatory Agreement incorporates an Airline Net Revenue Sharing methodology for Signatory Passenger Airlines. Distribution of each Signatory Passenger Airline's portion of the revenue-sharing is based on enplanements. Under this process, RIAC retains the first \$1 million and the Signatory Passenger Airlines share the next \$600,000. If there are remaining funds after the \$1.6 million, the Signatory Airlines share 40% and RIAC retains 60%. Non-Signatory Airlines' landing fees, apron fees and terminal rental rates are 125% of the Signatory Airlines' rates.

RIAC has covenanted in the Indenture that it will not amend or terminate the Airline Agreements in any manner which would impair the ability of RIAC to comply with its Rate Covenant. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2013 B/C BONDS -- Rate Covenant." For a discussion of the airlines, see "THE AIRLINES AND THE AIRLINE INDUSTRY."

For a discussion of parking, concession, general aviation and other non-airline revenues, see "THE AIRPORT - Airport Financial Operations."

### **Rate Covenant**

Pursuant to the Indenture, RIAC covenants and agrees that it will take all lawful and available measures to fix and adjust from time to time the rentals, rates, fees and other charges for the use of the Airports calculated to be at least sufficient to produce (i) Net Revenues, plus (ii) Pledged PFC Revenue, if any, plus (iii) amounts transferred from the Airport General Purpose Fund to the Revenue Fund, if any, plus (iv) amounts on deposit in any Coverage

Account at the beginning of the current Fiscal Year, if any (collectively, "Amounts Available to Pay Debt Service"), to provide for the greater of either:

(A) The amounts needed for making the required deposits in the Fiscal Year of RIAC to the Principal Accounts, the Interest Accounts, the Redemption Accounts, the Debt Service Reserve Fund, the Subordinated Indebtedness Fund (to the extent not otherwise paid from other legally available funds of RIAC) and the Repair and Rehabilitation Fund; or

(B) An amount not less than 125% of the aggregate Annual Debt Service with respect to Outstanding Bonds for such Fiscal Year of RIAC.

The Indenture provides that in any such computation there shall be excluded from Net Revenues any capital gain resulting from any sale or revaluation of Permitted Investments.

RIAC also covenants in the Indenture that if, upon the receipt of the audit report for a Fiscal Year of RIAC, Amounts Available to Pay Debt Service are less than the amounts specified in (A) or (B) above, RIAC will take all lawful and available measures to revise the schedule of rentals, rates, fees and charges for the use of the Airports so as to generate Amounts Available to Pay Debt Service sufficient to produce the amounts specified in (A) or (B) above in the Fiscal Year of RIAC following the Fiscal Year of RIAC covered by such audit report.

In the event that Amounts Available to Pay Debt Service for any Fiscal Year of RIAC are less than the amounts specified in (A) or (B) above, but RIAC promptly has taken in the next Fiscal Year of RIAC all available lawful measures to revise the schedule of rentals, rates, fees and charges for the use of the Airports so as to generate amounts required in the preceding paragraph, the Indenture provides that there shall be no Event of Default under the Indenture. Nevertheless, if after taking the measures required above to revise the schedule of rentals, rates, fees and charges for use of the Airports, Amounts Available to Pay Debt Service in such next Fiscal Year of RIAC during which such adjustments are required to be made (as evidenced by the audit report for such Fiscal Year of RIAC) are still less than the amounts specified in (A) or (B) above, such failure shall constitute an Event of Default under the Indenture.

#### **Debt Service Reserve Fund**

The Indenture establishes a Debt Service Reserve Fund and provides for the establishment of separate accounts therein pursuant to Supplemental Indentures for each Series of Bonds issued under the Indenture. Amounts in each Series Account in the Debt Service Reserve Fund are to be used to pay debt service on the related Series of Bonds on the date such debt service is due when insufficient funds for that purpose are available in the Bond Fund; provided, however, that all amounts in an Account in the Debt Service Reserve Fund are to be used, together with other amounts available for such purpose under the Master Indenture as supplemented, to provide for payment of the related Series of Bonds when the aggregate of such amounts is sufficient for such purpose. Amounts in each Account of the Debt Service Reserve Fund will be pledged only to Holders of Bonds of the related Series; provided, however, if so provided in a Supplemental Indenture, upon the issuance of a Series of Refunding Bonds to advance refund a portion of a Series of Outstanding Bonds, amounts in the related Account of the Debt Service Reserve Fund securing the Series of Outstanding Bonds may be pledged both to the Holders of the unrefunded portion of the Series of Outstanding Bonds and the Holders of the Series of Refunding Bonds on a combined basis.

The Tenth Supplemental Indenture establishes the 2013 Series B/C Debt Service Account in the Debt Service Reserve Fund and establishes the 2013 Series B/C Debt Service Reserve Fund Requirement at an amount equal to the Maximum Annual Debt Service on the 2013 B/C Bonds provided that in no event shall such amount exceed the least of (i) ten percent (10%) of the principal amount, less original issue discount or plus original issue premium, of the 2013 Series B/C Bonds, (ii) or one hundred twenty-five percent (125%) of the average annual principal and interest requirements on the 2013 Series B/C Bonds, or (iii) as otherwise limited by the Internal Revenue Code. "Maximum Annual Debt Service" for any Series of Bonds or any pool of a Series of Bonds means the maximum amount of payments required to be made for principal, interest, sinking fund redemption, reimbursement payments to Credit Providers, Credit Facility fees, remarketing agent fees, Trustee, Paying Agent and other fiduciary fees and payments due under a Swap Agreement, if any, with respect to the unrefunded Bonds of such Series or pool of Series for any Fiscal Year.

In the event that the balance in the 2013 Series B/C Debt Service Reserve Account is less than the 2013 Series B/C Debt Service Reserve Fund Requirement, amounts in the Revenue Fund are to be deposited in such account in equal monthly installments over a twenty-four (24) month period (in the case of a drawing on such Account) or a six (6) month period (in the case of a shortfall resulting from investment loss or decrease in value of investments) sufficient to restore the balance therein to the 2013 Series B/C Debt Service Reserve Fund Requirement, in accordance with the priority of the flow of funds under the Indenture. See "FLOW OF FUNDS - Transfers from Revenue Fund to Certain Funds and Accounts" herein.

The Indenture provides that in lieu of or in addition to cash or investments, at any time EDC or RIAC may cause to be deposited to the credit of a Series Account in the Debt Service Reserve Fund, any form of Credit Facility, in the amount of the related Series Debt Service Reserve Fund Requirement as provided for in the appropriate Supplemental Indenture, irrevocably payable to the Trustee as beneficiary for the holders of the related Series of Bonds. The Credit Provider will be required to notify EDC, RIAC and the Trustee at least twenty-four (24) months prior to expiration of the Credit Facility. If (A) EDC receives such expiration notice and the Credit Provider does not extend its expiration date, (B) EDC receives notice of the termination of the Credit Facility or (C) the credit rating of the Credit Provider is no longer in the two highest credit rating categories by two Rating Agencies, EDC or RIAC must (x) provide a substitute Credit Facility that meets the requirements set forth in the foregoing sentences, (y) deposit the applicable Series Debt Service Reserve Fund Requirement to the related Series Account in the Debt Service Reserve Fund (1) in equal monthly installments over the next succeeding twelve (12) months, in the case of receipt of an expiration notice, (2) prior to the termination date in the case of receipt of a termination notice, or (3) within 180 days in the case of such reduction in credit rating, or (z) instruct the Trustee to draw on such Credit Facility in the amount of the related Series Debt Service Reserve Fund Requirement (1) twelve (12) months prior to expiration of the Credit Facility in the case of receipt of an expiration notice, (2) prior to the termination date in the case of receipt of a termination notice, or (3) after 180 days in the case of such reduction in credit rating and deposit the proceeds of such drawing to such Series Account in the Debt Service Reserve Fund. Notwithstanding the foregoing, the prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any Credit Facility provided in lieu of or in addition to a cash deposit or investments into the 2013 Series B/C Debt Service Reserve Account; and such Credit Facility must comply with the Bond Insurer's requirements.

**The 2013 Series B/C Debt Service Reserve Fund Requirement initially is \$ [ ] and will be funded on the date of issuance of the 2013 B/C Bonds in part from transfers from the 1998 Series Debt Service Reserve Fund and the 2003 Series A Debt Service Reserve Fund.**

#### **Additional Bonds**

With the exception of the Prior Bonds, Additional Bonds or Subordinated Indebtedness, EDC and RIAC have covenanted not to issue any other obligations payable from Net Revenues and the Trust Estate or to create any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the 2013 B/C Bonds; provided, however, notwithstanding the foregoing, RIAC may incur capitalized lease obligations or other forms of indebtedness secured by purchase money security interests or other liens for the acquisition of equipment to be used in the ordinary course of business up to an amount in any Fiscal Year of RIAC not exceeding \$50,000, or in a total principal amount which at the time incurred does not, together with the principal amount of all other capitalized leases and purchase money indebtedness then outstanding exceed \$250,000 at any one time. RIAC may nevertheless enter into capital leases that are secured on a subordinate basis.

**General.** Additional Bonds may be issued under the Indenture, so long as EDC and RIAC are not in default, as evidenced by a Certificate of No Default executed by an Authorized Representative of each, only for the purpose of: (i) financing all or part of the Cost of an "Airport Facility", as defined in the Act, (ii) refunding, redeeming or providing for the redemption of all or a part of the Outstanding Bonds, certain other debt obligations of EDC relating to the Airports or any Subordinated Indebtedness ("Refunding Bonds"), or (iii) completing a project or improvement for which Bonds have been previously issued ("Completion Bonds").

Additional Bonds, other than Completion Bonds or Refunding Bonds, may be issued only upon satisfaction of one of the following conditions:

(i) An Airport Consultant has provided to the Trustee a certificate stating that, based upon reasonable assumptions set forth therein, Amounts Available to Pay Debt Service are projected to be not less than 125% of the aggregate Annual Debt Service with respect to Outstanding Bonds (disregarding any Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of the Additional Bonds proposed to be issued) for each of the next five (5) full Fiscal Years of RIAC following issuance of the Additional Bonds, or each full Fiscal Year of RIAC from issuance of the Additional Bonds through two (2) full Fiscal Years of RIAC following completion of the project or projects financed by the Additional Bonds proposed to be issued, whichever is later; provided, however, that if capitalized interest on any Bonds and proposed Additional Bonds is to be applied in the last Fiscal Year of RIAC of the period described in this sentence, the Airport Consultant shall extend the test through the first full Fiscal Year of RIAC for which there is no longer capitalized interest, or

(ii) an independent certified public accountant has provided to the Trustee a certificate stating that Amounts Available to Pay Debt Service in the most recent completed Fiscal Year of RIAC or any consecutive twelve (12) month period out of the last eighteen (18) months were not less than 125% of (A) Annual Debt Service on Bonds Outstanding in such Fiscal Year of RIAC or such period (disregarding any Bonds that have been paid or discharged or that will be paid or discharged immediately after the issuance of such Additional Bonds proposed to be issued), plus (B) Maximum Annual Debt Service with respect to such Additional Bonds proposed to be issued.

EDC may issue Bond Anticipation Notes, secured on a parity as to the pledge of Net Revenues with Bonds, provided that the requirements set forth above are met. For such purpose, Bond Anticipation Notes shall be deemed to have level debt service (assuming an interest rate equal to The Bond Buyer 25 Bond Revenue Bond Index most recently published) over the anticipated term of the Bonds to be issued to retire such Bond Anticipation Notes.

***Refunding Bonds.*** With respect to Additional Bonds proposed to be issued as Refunding Bonds, such bonds may be issued provided that either the requirements set forth in (i) above are satisfied, or EDC shall have provided to the Trustee a certificate with an accompanying schedule indicating that (i) there is no increase in Maximum Annual Debt Service and (ii) the issuance of the Refunding Bonds will result in a decrease in the total Debt Service payable on all Bonds then Outstanding and being refunded.

***Completion Bonds.*** With respect to Additional Bonds proposed to be issued as Completion Bonds in respect of a project or portion thereof, the Additional Bonds test described above need not be met; provided, however, the aggregate Principal Amount of such Completion Bonds shall be limited to fifteen percent (15%) of the amount specified in the Supplemental Indenture in which the initial Series of Bonds issued to finance such project was authorized as the total principal amount of Bonds and Subordinated Indebtedness originally projected to be required to complete the funding of such project (as defined in such Supplemental Indenture). RIAC shall provide a certificate stating the total estimated cost to complete the project and that the proceeds of the Completion Bonds will not be used for costs related to material changes in the scope of such project. The Financial Advisor, in reliance on the certificate, shall provide a certificate stating (i) the anticipated total principal amount of Bonds and Subordinated Indebtedness required to finance the project as set forth in the Supplemental Indenture and the principal amount of Completion Bonds to be issued, and (ii) that the proceeds of the Completion Bonds will provide sufficient funds to complete the project.

#### **Other Obligations**

EDC may also issue Subordinated Indebtedness and Special Facility Bonds, which are briefly described below.

***Subordinated Indebtedness.*** Under the Indenture, EDC may incur Subordinated Indebtedness consisting of bonds or other forms of indebtedness incurred for capital projects which are secured by a lien on Net Revenues and the Trust Estate which is junior and subordinate to the lien securing the Bonds. RIAC has no Subordinated Indebtedness outstanding and does not currently plan to request EDC to issue Subordinated Indebtedness.

***Special Facility Bonds.*** Under the Indenture, EDC may issue obligations other than Bonds or Subordinated Indebtedness to finance any facility, improvement, structure, equipment or assets acquired or

constructed on any land or in or on any structure or building at the Airports, the payment of principal of, premium, if any, and interest on which are payable from and secured by the proceeds thereof and rentals, payments, and other charges payable by the obligor under an agreement by and among EDC, RIAC and such obligor. Such obligations will not be secured by a lien on the Net Revenues and the Trust Estate.

In 2006, RIAC issued \$48.765 million Series 2006 First Lien Special Facility Bonds for the InterLink Project ("2006 Special Facility Bonds") dated June 14, 2006 maturing annually from 2011 through 2036 with interest coupons ranging from 4% to 5%. The 2006 Special Facility Bonds were issued pursuant to an Indenture of Trust dated as of June 1, 2006 by and among EDC, RIAC and The Bank of New York Trust Company, N.A., as trustee ("BNY") (the "InterLink Master Indenture") and a First Supplemental Indenture of Trust of even date by and among EDC, RIAC and BNY (the "First Supplemental InterLink Indenture," and collectively with the InterLink Master Indenture, the "InterLink Indenture"). The balance outstanding for the 2006 Special Facility Bonds was \$47.57 million and \$48.195 million as of June 30, 2013 and 2012, respectively. The principal amount of redemption premium, if any, and interest on the 2006 Special Facility Bonds is payable from and secured by a pledge of the respective interests of EDC and RIAC in the InterLink Trust Estate created under the InterLink Indenture.

The InterLink Trust Estate consists of: (i) Facility Revenues (which include Customer Facility Charges ("CFCs")); (ii) moneys, including investment earnings, in funds and accounts pledged under the InterLink Indenture; (iii) certain insurance proceeds required to be deposited in such funds and accounts under the InterLink Indenture; and (iv) EDC's right, title and interest to receive loan payments from RIAC under the EDC Loan Agreement.

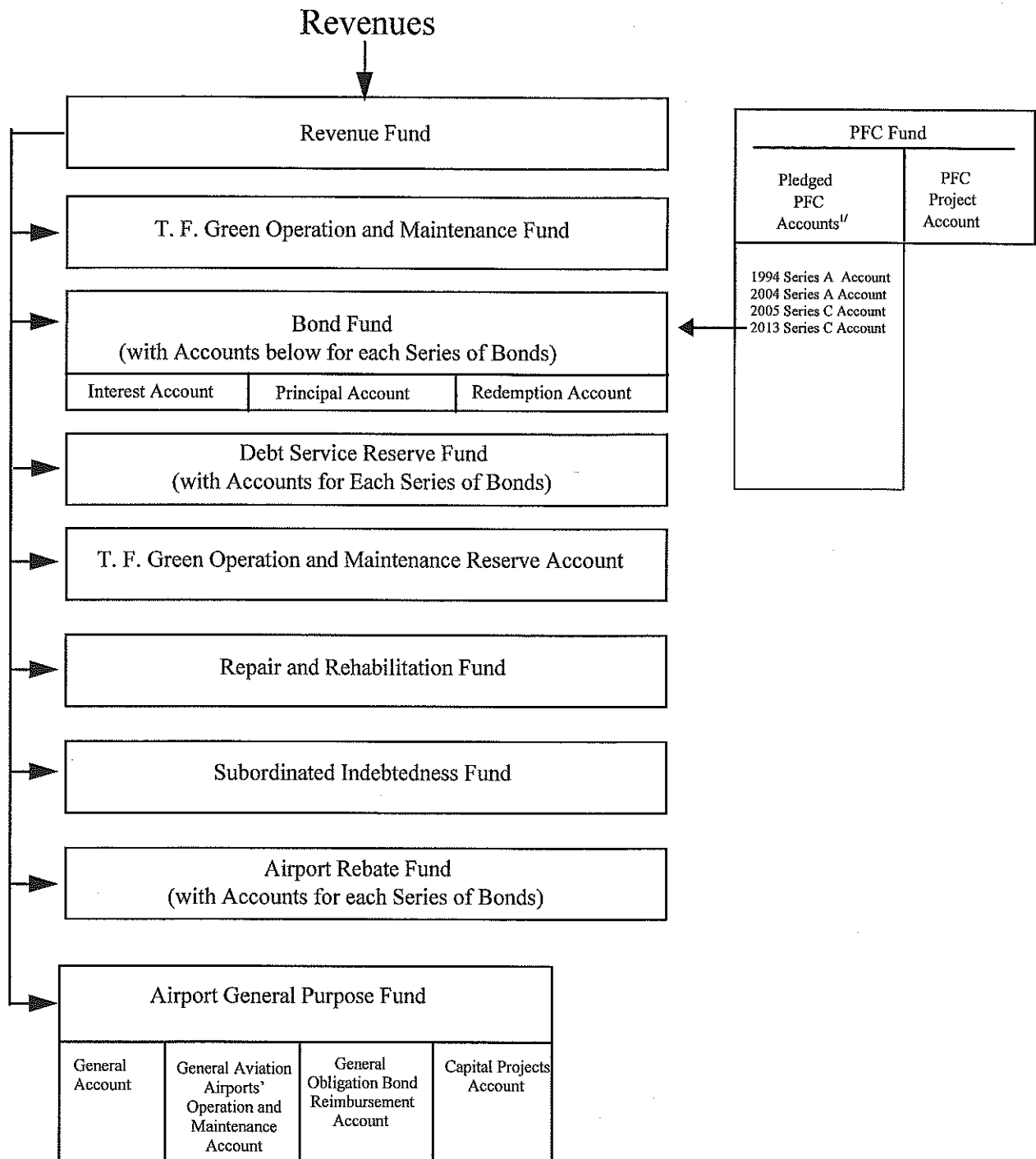
As part of the financing for the InterLink Project, RIAC and the EDC secured additional funds under the USDOT's TIFIA for the payment of eligible project costs of the InterLink up to \$42 million at an interest rate of 5.26%. This TIFIA Bond is issued pursuant to the First Supplemental InterLink Indenture as a Second Lien Obligation payable from and secured by a pledge of and secondary interest in the InterLink Trust Estate under the InterLink Indenture, subject to the pledge of the InterLink Trust Estate for the security and payment of the 2006 Special Facility Bonds. The 2006 Special Facility Bond is also secured by the Second Lien Debt Service Reserve Fund that was funded from CFCs on the Date of Operational Opening ("DOO") in an amount of \$3,328,407. The outstanding balance as of June 30, 2013 and June 30, 2012 was \$40.059 million.

The 2006 Special Facility Bonds and the InterLink Indenture are not secured by any revenues which secure the 2013 B/C Bonds.

## **FLOW OF FUNDS**

### **General**

The following diagram is intended to provide a graphic summary of the flow of funds established under the Indenture in order of priority. All deposits indicated are to be made on a monthly basis, on the first Business Day of each month but no later than the fifth Business Day of each month. A summary of the flow of funds follows the diagram.



<sup>17</sup> Portion of Debt Service on these Series are PFC Eligible

### **Transfers from Revenue Fund to Certain Funds and Accounts**

As provided in the Indenture, RIAC deposits all Revenues upon receipt, and may deposit amounts from any available source, in the Revenue Fund. On the first Business Day of each month, but in no event later than the fifth Business Day of each month, except as otherwise provided below, amounts in the Revenue Fund are to be withdrawn by RIAC and deposited in the following order of priority:

(i) To the T.F. Green Operation and Maintenance Fund, an amount which, along with amounts remaining in the T.F. Green Operation and Maintenance Fund (excluding amounts in the T.F. Green Operation and Maintenance Reserve Account), is needed to pay the T.F. Green Operation and Maintenance Expenses during such month.

(ii) Except as otherwise provided in the applicable Supplemental Indenture, (a) to the applicable Interest Account in the Bond Fund, an amount, which along with amounts transferred from the related Pledged PFC Account, is equal to 1/6th of the next interest payment due after such date with respect to each Series of Bonds; provided, however, that EDC and RIAC shall be credited with such amount already on deposit in such Interest Account which has been transferred from a Capitalized Interest Account in the Construction Fund relating to such Series, and provided further EDC and RIAC shall be credited on the last deposit of each period with interest earned on such Interest Account, and (b) to the applicable Principal Account or Redemption Account as the case may be in the Bond Fund, an amount, which along with amounts transferred from the related Pledged PFC Account, is equal to 1/12th of the next principal payment or sinking fund payment due after such date with respect to each Series of Bonds and provided further EDC and RIAC shall be credited on the last deposit of each period with interest earned on the Principal Account and Redemption Account.

Amounts in the applicable Interest, Principal or Redemption Account in the Bond Fund may be used to reimburse a Credit Provider for amounts paid under a Credit Facility in the same proportion that such Interest, Principal or Redemption Price represents payments made to Holders of all Bonds.

(iii) Except as otherwise provided in the applicable Supplemental Indenture, to the applicable Series Account in the Debt Service Reserve Fund with respect to each Series of Bonds, 1/24th of the amount necessary to restore the amount on deposit therein to the Series Debt Service Reserve Requirement in the case where the deficiency has occurred because the Trustee has drawn upon the Account in the Debt Service Reserve Fund to pay debt service on the related Series of Bonds because there were insufficient moneys in the Bond Fund, or 1/6th of the amount necessary to restore the amount on deposit therein to the Series Debt Service Reserve Requirement in the case where the deficiency has occurred because of a loss in the investment of the moneys in the Debt Service Reserve Fund.

If the deposits set forth in (ii) above are not sufficient to comply with the provisions of the applicable Supplemental Indenture with respect to each Series of Bonds, such deposits shall be made pro rata in accordance with amounts due for each Series of Bonds. Similarly, if deposits set forth in (iii) above are not sufficient to comply with the provisions of the applicable Supplemental Indenture with respect to each Series of Bonds, such deposits shall be made pro rata in accordance with amounts due for each Series of Bonds.

(iv) A deposit shall be made at such time as it is necessary to fund a deficiency in the T.F. Green Operation and Maintenance Reserve Account Requirement, in the case where the deficiency has occurred because RIAC has drawn upon the T.F. Green Operation and Maintenance Reserve Account to pay T.F. Green Operation and Maintenance Expenses, or because the amount budgeted to pay T.F. Green Operation and Maintenance Expenses has increased or exceeded the amount projected. Subsequent deposits to the T.F. Green Operation and Maintenance Reserve Account shall be made in 12 equal monthly installments.

(v) A deposit shall be made at such time as it is necessary to fund a deficiency in the Repair and Rehabilitation Fund Reserve Requirement, in the case where a deficiency has occurred because (a) RIAC has drawn upon the Repair and Rehabilitation Fund or (b) the Repair and Rehabilitation Fund Reserve Requirement has been increased pursuant to the Indenture. Amounts in the Repair and Rehabilitation Fund may be used to pay the costs of emergency repair and rehabilitation to Airport Facilities.



(vi) To the Subordinated Indebtedness Fund, the amount required by any resolution or agreement securing Subordinated Indebtedness, to the extent such amounts are not paid from other legally available funds of RIAC.

(vii) To the Airport Rebate Fund, the amount required by the applicable Supplemental Indenture.

(viii) To the Airport General Purpose Fund all money remaining in the Revenue Fund.

Amounts in the Airport General Purpose Fund shall be available for use by RIAC for any lawful purpose. The Airport General Purpose Fund shall contain a General Account, a Capital Projects Account, an Outlying Airports' Operation and Maintenance Account, a General Obligation Bond Reimbursement Account and such other Accounts as may be created pursuant to a Supplemental Indenture.

The amounts on deposit in the General Account may be used for any lawful purpose including transfer to another account within the Airport General Purpose Fund, as authorized by resolution of RIAC. The amounts on deposit in the Capital Projects Account may be used to pay for the Cost of Airport Facilities to the extent authorized by a resolution of RIAC. The amounts on deposit in the Outlying Airports' Operation and Maintenance Account shall be used to pay Outlying Airports' Operation and Maintenance Expenses. The amounts on deposit in the General Obligation Bond Reimbursement Account, if any, may be transferred to the State upon the written directive of RIAC which shall include instructions to the State that such amount shall be used to pay debt service on any bonds issued by the State for the Airports.

#### **Passenger Facility Charge Fund and Pledged PFC Series Accounts**

The Master Indenture creates and establishes a PFC Fund to be held by RIAC. RIAC is required to deposit PFC Revenue into the PFC Fund as soon as possible upon receipt.

RIAC may create and establish one or more Pledged PFC Series Accounts in the PFC Fund in any Supplemental Indenture. Pledged PFC Revenue shall be deposited into the Pledged PFC Series Account. Any Pledged PFC Series Account created pursuant to the terms of a Supplemental Indenture shall be pledged pursuant to the applicable Supplemental Indenture as additional security for the applicable Series of Bonds.

All PFC Revenue received by RIAC is required to be deposited into the PFC Fund and be disbursed for the purposes permitted under the PFC Act and enumerated in a Supplemental Indenture. If such PFC Revenue is to be used to make a deposit into a Pledged PFC Account, such action shall be taken in a Supplemental Indenture.

In addition, PFCs are pledged to the repayment of the Series 2013 Series C Bonds and the 1994 Bonds, the 2004 Bonds and the 2005 Series C Bonds. The total FAA approved amount of PFCs to be collected by RIAC is \$183.559 million. Collection of the PFCs began at the Airport on February 1, 1994. Approximately \$142.39 million (including interest earned) has been collected as of June 30, 2013. The authority to collect PFCs expires upon the expiration date specified by the FAA or once collections reach the maximum amount approved by the FAA (\$183.559 million), whichever occurs first. See "PASSENGER FACILITY CHARGE."

### **THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

#### **General**

EDC was authorized, created and established by the General Assembly of the State as a public corporation, governmental agency and public instrumentality having a distinct legal existence from the State and not constituting a department of State government. EDC is empowered, among other things, to issue its bonds and to loan the proceeds thereof to various borrowers in the State, including RIAC, for the acquisition, ownership, operation, construction, reconstruction, rehabilitation, improvement, development, sale, lease, or other disposition of, or the provision of financing for, any real or personal property, of any facility to promote the economic development of the State and the general welfare of its citizens.

The Act declares that it is the policy of the State to promote a vigorous and growing economy, to prevent economic stagnation and to encourage the creation of new jobs in order to ameliorate the hazards of unemployment and achieve a stable and diversified economy.

Certain State laws require information be provided to the General Assembly concerning certain bond issues by EDC, including the issuance of the 2013 B/C Bonds. EDC and RIAC have provided, or prior to the delivery of the 2013 B/C Bonds, will have provided all required certification under such laws for the issuance of the 2013 B/C Bonds.

The Act provides that all of the powers of EDC are vested in a Board of Directors consisting of thirteen (13) members. The Governor serves as a member of the Board and as chairperson, ex-officio (who shall vote only in the event of a tie). In addition to the Governor, the membership of the Board consists of twelve (12) public members to be appointed by the Governor, with the advice and consent of the Senate. Accordingly, in addition to the Governor, there are currently twelve (12) public members. Generally, the members serve for four-year terms. The Chairperson designates a Vice Chairperson who serves at the pleasure of the Chairperson. The Executive Director of EDC is its Chief Executive Officer. The Board of Directors appoints a Secretary who need not be a member of the Board of Directors. All members serve without compensation but are entitled to reimbursement for necessary expenses incurred in performance of their duties related to the Act.

Recently, the Rhode Island General Assembly passed legislation that will take effect on January 1, 2014 which will, among other things, amend the Act to change the name of the EDC to the "Rhode Island Commerce Corporation" ("RICC"). The Act, as amended, describes the RICC as an agency under the jurisdiction of a new State agency created by such legislation called the Executive Office of Commerce designed to be the lead agency of the state to carry out the policies and procedure as established by a Secretary of Commerce, Governor and Board of Directors. The Act, as amended, further provides that, while the powers remain vested in a thirteen (13) member Board of Directors, upon the appointment of a Secretary of Commerce, the Secretary of Commerce shall be the Chief Executive Officer of the RICC, which will replace the current position of Executive Director of the EDC. The Act, as amended, additionally provides that a Chief Operating Officer of RICC shall be appointed by the Secretary of Commerce, which shall be the chief administrative officer responsible for the day to day management of RICC. The current members of the Board of Directors of the EDC initially shall be considered directors of RICC until their terms expire and until their successors are appointed and qualified. The membership of the Board will continue to be appointed by the Governor, with the advice and consent of the Senate. The legislative amendments to the Act do not alter the EDC's present ability to issue bonds and loan the proceeds thereof to various borrowers in the State, including RIAC, as described above.

#### **Directors and Officers**

The Directors and Officers of EDC are:

His Excellency Lincoln D. Chafee. Governor Chafee serves as Chairman of the Board of Directors, ex-officio.

Jerauld Adams. Mr. Adams serves as Vice Chairman of the Board of Directors. His appointment as a member is through February 1, 2015 and serves until his successor is appointed and qualified. Mr. Adams is President of North American Industries, Inc., in Central Falls, Rhode Island.

Karl Wadensten. Mr. Wadensten serves as Treasurer of the Board of Directors. His appointment as a member is through February 1, 2014 or until his successor is appointed and qualified. Mr. Wadensten is President of VIBCO, in Wyoming, Rhode Island.

Shannon Brawley. Ms. Brawley has been appointed as a member of the Board through February 1, 2016 and serves until her successor is appointed and qualified. Ms. Brawley is Executive Director of the Rhode Island Nursery and Landscape Association.

Nancy Carriuolo, PhD. Dr. Carriuolo has been appointed as a member of the Board of Directors for a term expiring February 1, 2017 and serves until such time as her successor has been appointed and qualified. Dr. Carriuolo is President of Rhode Island College.

Judith Diaz, RN, MPH. Ms. Diaz has been appointed a member of the Board through February 1, 2017 and serves until her successor is appointed and qualified. Ms. Diaz is Director of Community Health Services for Lifespan health system.

Maeve E. Donohue. Ms. Donohue has been appointed as a member of the Board through February 1, 2015 and serves until her successor is appointed and qualified. Ms. Donahue is the founding director of Nami Studios in Barrington, Rhode Island.

Roland Fiore. Mr. Fiore has been appointed as a member of the Board through February 1, 2017 and serves until his successor is appointed and qualified. Mr. Fiore is the President of South County Sand & Gravel Co., Inc., in South Kingstown, Rhode Island.

Elizabeth Francis, PhD. Dr. Francis has been appointed as a member of the Board through February 1, 2014 and serves until her successor is appointed and qualified. Dr. Francis is the Executive Director of the Rhode Island Council for the Humanities.

Oscar T. Hebert. Mr. Hebert has been appointed as a member of the Board through February 1, 2014 and serves until his successor is appointed and qualified. Mr. Hebert is Chairperson, President and CEO of Atrion Networking Corporation, in Warwick, Rhode Island, and President of Caribou Realty, LLC.

Jason Kelly. Mr. Kelly has been appointed as a member of the Board through February 1, 2016. Mr. Kelly is an Executive Vice President of Moran Shipping Agencies, in Providence, Rhode Island.

George Nee. Mr. Nee has been appointed a member of the Board through February 1, 2016 and serves until his successor is appointed and qualified. Mr. Nee is President of Rhode Island AFL-CIO.

Stanley Weiss. Mr. Weiss has been appointed as a member of the Board through February 1, 2015. Mr. Weiss is owner of Stanley Weiss Associates, LLC.

Other officers of EDC are:

Marcel A. Valois – Executive Director

William J. Parsons – Managing Director, Business and Community Development

John R. Pagliarini – Chief of Staff

Thomas Carlotto, Esq. – Secretary

#### **Other Indebtedness**

As of June 30, [2013], EDC and its subsidiaries had approximately \$[ ] in revenue bonds outstanding. Certain of the bonds of EDC other than the 2013 B/C Bonds and the Prior Bonds may be secured, in addition to a pledge of revenues, by a capital reserve fund established by EDC. Neither the revenues pledged to secure other EDC bonds nor the capital reserve fund established by EDC for other EDC Bonds secures the 2013 B/C Bonds or the Prior Bonds; nor does the Trust Estate under the Indenture secure any other EDC Bonds.

### **THE RHODE ISLAND AIRPORT CORPORATION**

#### **General**

RIAC was created by EDC on December 9, 1992 as a subsidiary public corporation, governmental agency and public instrumentality, having a distinct legal existence from the State and EDC and having many of the same powers and purposes as EDC. Specifically, RIAC is empowered, pursuant to its Articles of Incorporation and

Rhode Island law, to undertake the planning, development, management, acquisition, ownership, operation, repair, construction, reconstruction, rehabilitation, renovation, improvement, maintenance, development, sale, lease, or other disposition of any "airport facility", as defined in the Act. "Airport facility" is defined in the Act in part as "developments consisting of runways, hangars, control towers, ramps, wharves, bulkheads, buildings, structures, parking areas, improvements, facilities, or other real or personal property, necessary, convenient, or desirable for the landing, takeoff, accommodation, and servicing of aircraft of all types, operated by carriers engaged in the transportation of passengers or cargo, or for the loading, unloading, interchange, or transfer of the passengers or their baggage, or the cargo, or otherwise for the accommodation, use or convenience of the passengers or the carriers or their employees (including related facilities and accommodations at sites removed from landing fields or other landing areas), or for the landing, taking off, accommodation, and servicing of aircraft owned or operated by persons other than carriers."

Pursuant to its Articles of Incorporation, the powers of RIAC are vested in its Board of Directors consisting of seven members. The members are appointed by the Governor of the State with the advice and consent of the Senate. Due to a recent legislation update the Governor appointments are in accordance with the following statutory schedule: one director shall be appointed for a term of one year; two directors shall be appointed for a term of two years; three directors shall be appointed for a term of three years; and one director shall be appointed for a term of four years. See R.I. Gen. Laws § 42-64-7.1(h). Appointments made thereafter shall be for four year terms. All Directors serve without compensation but are entitled to reimbursement for necessary expenses incurred in the performance of their duties related to RIAC.

RIAC does not have the authority to issue bonds or notes or borrow money without the approval of EDC. In addition, RIAC does not have the power of eminent domain with respect to real property. RIAC does have certain contractual rights under the Lease Agreement to require the State to exercise powers of eminent domain for the benefit of RIAC.

#### **Directors and Officers**

Kathleen C. Hittner, M.D. Dr. Hittner is the former President and CEO of the Miriam Hospital. Currently, she is the Health Insurance Commissioner for the State of Rhode Island. Dr. Hittner serves as a Board Member and Chairperson of the Board with a term that was through December 9, 2012 and serves until her successor is appointed and qualified.

Joseph M. Cianciolo Mr. Cianciolo is an Independent Director and Management Consultant who serves on the Board of Directors of Nortek, Inc. and Eagle Bulk Shipping, Inc. Mr. Cianciolo retired as a Managing Partner of KPMG, LLP. Mr. Cianciolo is the current Vice Chair and serves as a Board Member with a term through December 9, 2013 and serves until his successor is appointed and qualified.

Bradford S. Dimeo Mr. Dimeo is President and CEO of Dimeo Construction Company. Mr. Dimeo is the current Secretary of the Board and serves as a Board Member with a term through December 9, 2014 and serves until his successor is appointed and qualified.

Deborah M. Thomas Ms. Thomas is the Chief Financial Officer of Hasbro, Inc. Ms. Thomas is the current Treasurer of the Board and serves as a Board Member with a term that was through February 4, 2013 and serves until her successor is appointed and qualified.

Russell W. Hahn Mr. Hahn recently retired as a Senior Vice President and Commercial Lender for the Washington Trust Company. Mr. Hahn had been with the Washington Trust Company for 20 years. Mr. Hahn serves as a Board Member with a term through June 1, 2014 and serves until his successor is appointed and qualified.

John Justo Mr. Justo is the Chief Financial Officer of ADJ Management Co. Mr. Justo serves as a Board Member with a term through February 1, 2015 and serves until his successor is appointed and qualified.

Michael A. Traficante Mr. Traficante is the Director of Governmental Affairs for the New England Laborers' Union. Mr. Traficante served as Mayor of the City of Cranston from 1985 through 1999. Mr. Traficante serves as a member with a term that was through December 9, 2011 and serves until his successor is appointed and qualified.

### **Airport Management**

Principal RIAC staff members responsible for management of the Airports are listed below:

Kelly J. Fredericks, P.E., A.A.E., President and CEO As President and CEO of RIAC, Mr. Fredericks has the responsibility and accountability for the operation of the six airport system in Rhode Island. Mr. Fredericks has over 30 years of aviation and transportation experience and is an Accredited Airport Executive, Registered Professional Engineer (PE) and a Licensed Private Pilot. Mr. Fredericks has significant airport management experience, having previously served as the Executive Director/CEO at Erie International Airport, Tom Ridge Field from 1999-2008; Deputy Aviation Director COO at Pittsburgh International Airport 1996-1999 and Manager of State-Owned Airports/Improvements at Harrisburg International Airport 1980-1993. Mr. Fredericks served as Senior Vice President for the Corradino Group in Fort Lauderdale as Program Manager for the design and construction of a multi-billion dollar airport expansion program at Fort Lauderdale-Hollywood International Airport. Mr. Fredericks is a native of Pennsylvania and is a graduate of Penn State University. He previously served as Vice Chairman of the Pennsylvania Governor's Aviation Advisory Board under three different Governors and remains active in several industry organizations.

Peter A. Frazier, Esq., C.M., General Counsel Mr. Frazier is RIAC's General Counsel. He joined RIAC in February 2005. Prior to becoming RIAC's first in-house counsel, Mr. Frazier was a partner at the law firm of Holland & Knight LLP. Mr. Frazier has been admitted to the bars of Rhode Island, New York, and California. He is a 1982 graduate of Miami University with a Bachelor's Degree in Economics. He earned his law degree *cum laude* from the University of Akron School of Law in 1989. In 1995, Mr. Frazier earned a L.L.M. degree from McGill University's Institute of Air and Space Law. Mr. Frazier is a Certified Member of the American Association of Airport Executives.

Brian C. Schattle, CPA, C.M., Senior Vice President of Finance and Administration and Chief Financial Officer As CFO, Mr. Schattle is responsible for all administrative and financial functions for RIAC including procurement, accounting, cash management, financing, business development, tenant relations, and information technology. Prior to joining RIAC in June 2004, Mr. Schattle was the New England Region Vice President for a multinational provider of ground transportation services where he was responsible for all functions including sales, business development, marketing, operations, safety and finance. Mr. Schattle began his career with KPMG and has over fourteen years experience in finance and accounting. Mr. Schattle has a Bachelor's Degree in Accounting from the University of Rhode Island. Mr. Schattle is a Certified Member of the American Association of Airport Executives.

Nicole S. Williams, CPA, Corporate Controller Ms. Williams, RIAC's Corporate Controller, joined RIAC in January 2000. Prior to joining RIAC, Ms. Williams was an Audit Associate for LGC&D, a regional accounting and business consulting firm. Ms. Williams has over nineteen years of financial, auditing, and business experience. Ms. Williams has a Bachelor's Degree in Accounting from Providence College.

### **The State Lease Agreement**

Pursuant to the State Lease Agreement, RIAC has leased the Airports from the State for a term ending June 30, 2038 at a rental of \$1.00 per year. RIAC has also acquired all of the personal property and other assets of the State located at or relating to the Airports. In consideration of RIAC's assumption of RIDOT's responsibilities with respect to the Airports, the State and RIDOT have assigned to RIAC all of their rights to the revenues of the Airports, the proceeds of State G.O. Bonds related to the Airports, FAA grant agreements, a Federal Highway Administration ("FHWA") grant, insurance proceeds, all contracts including concession agreements and the prior airline agreements, and all licenses and permits.

The State has used proceeds from certain of its General Obligation Bonds for Airport purposes (the "State G.O. Bonds"). Such amounts included approximately \$28 million of funding for construction of the new T.F. Green Airport terminal. Under the State Lease Agreement, RIAC has agreed to reimburse the State for State G.O. Bond debt service accruing after July 1, 1993, to the extent of available moneys in the Airport General Purpose Fund which are not required to pay capital improvements at the Airport or General Aviation Airports Operating Expenses. In the event there are not sufficient moneys to reimburse the State currently, such event shall not constitute an Event of Default. Instead, the unpaid portion shall accrue and be payable in the next succeeding Fiscal Year and shall remain a payment obligation of RIAC until paid in full. If the unpaid portion is not reimbursed by the end of the following year, such failure could constitute an Event of Default on the part of RIAC under the State Lease Agreement. RIAC is current in all of its payment obligations to the State. As of June 30, 2012, approximately \$5.2 million State G.O. Bonds allocable to the Airports were outstanding.

In the event of a conflict between the provisions of the State Lease Agreement and the Indenture, the provisions of the Indenture prevail.

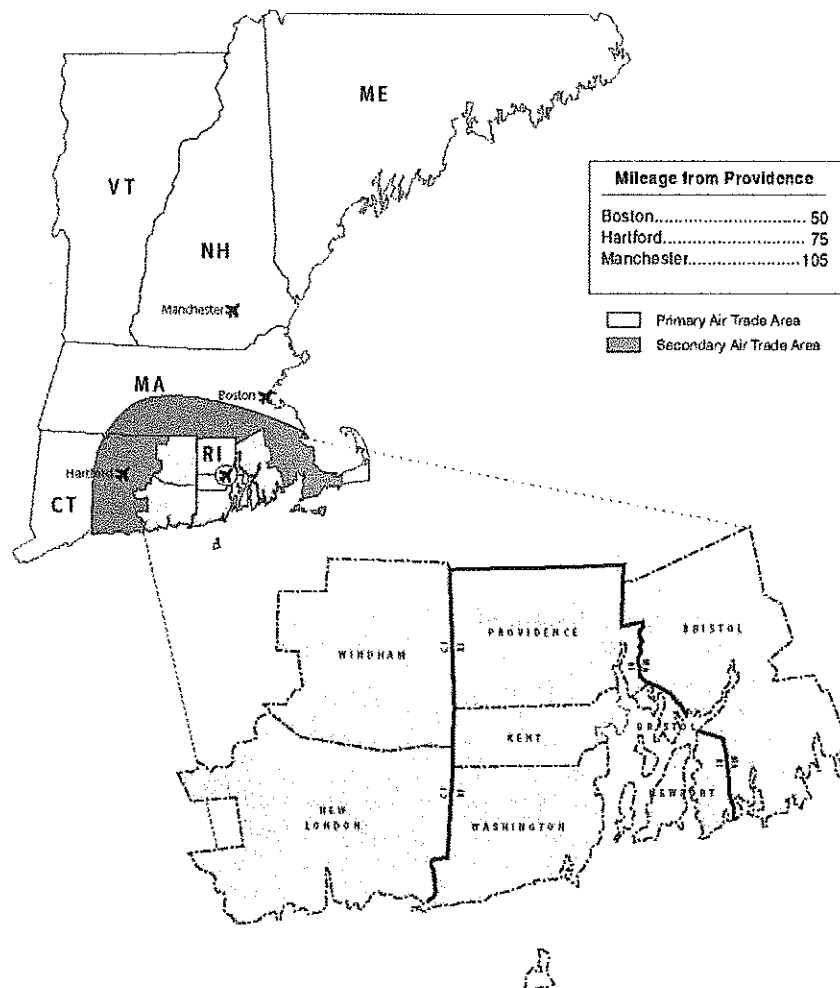
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## THE AIRPORT

### The Air Trade Area

The Airport is located in the City of Warwick, Rhode Island, approximately eight miles south of downtown Providence, the State capital. The Airport service region comprises a primary area consisting of the State of Rhode Island, New London and Windham counties in Connecticut and Bristol County in Massachusetts and a large secondary area surrounding the primary area, as shown on the map below. The primary area is defined as the area surrounding the Airport, whose population and economic activity generate the majority of the Airport's passenger traffic. Based on location, accessibility, and services available at other commercial service airports within nearby service areas, it is recognized that the area served by the Airport extends to a secondary air trade area. The borders of this extended service area are established by Boston's Logan International Airport to the northeast and Hartford's Bradley International Airport to the west. Some of the passengers in the secondary air trade area use the Airport as an alternative to other airports in the region, primarily Boston's Logan International Airport.

AIR TRADE AREA MAP



Source: Cartesia Software, Map Art, 1998  
Prepared by: Ricardo & Associates, Inc.

## **Airport Facilities**

The terminal complex including access roads and related improvements was completed in September 1996 and replaced the prior terminal which was demolished. The terminal building is named the Bruce Sundlun Terminal at T.F. Green Airport (Terminal). The Terminal at the time of its opening was a two level facility of approximately 302,000 square feet including fifteen jet gates. There was also one commuter aircraft parking position. In 1998, the Terminal was expanded to add four new jet gates and one new commuter aircraft parking position. As a result of the expansion, the Terminal space increased to approximately 350,000 square feet with a capacity of nineteen jet gates and two commuter gates for a total of twenty-one gates.

The Terminal has passenger concourses that extend to the north and south of the central terminal area. Facilities for departing passengers are located on the second level where ticket counters, baggage checks, departure lounges and concessions such as restaurants and news/gift stands are located. On the second level, passengers pass through the central terminal area and then through the security checkpoint. From there, departing passengers take the concourse to the appropriate hold room and gate.

A major terminal improvement project at the Airport was completed in 2008 to minimize congestion, ease circulation, improve security procedures, and enhance concessions. The expansion and improvement project increased the Terminal to approximately 402,000 square feet. As of June 30, 2013, airlines serving the Airport lease approximately 82,000 square feet of exclusive and preferential use area and approximately 61,000 square feet of common use area.

A total of approximately 9,740 public parking spaces are available on Airport property and/or leased space. They are divided as follows: a short term lot in front of the Terminal (Lot D) with approximately 420 spaces; a parking garage with approximately 1,500 spaces (Garage A); a garage with 720 spaces (Garage B); a leased garage with approximately 1,540 spaces (Garage C); and an express lot with approximately 4,360 spaces with an additional overflow capacity of 1,200 spaces that can be put into service, if needed (Lot E). Garage A, Garage B, Garage C, Lot D and Lot E (RIAC controlled parking facilities) are operated pursuant to a parking management agreement with Standard Parking Corporation.

RIAC leased Garage C from New England Parking, LLC in December 2007 for a ten year term through November 30, 2017. Per the terms of the lease agreement RIAC is responsible for all Garage C operations and maintenance costs and for the collection of all revenues from Garage C.

Public vehicular access is provided by a roadway system that directs vehicular traffic from Post Road and Interstate Route 95 to the Terminal curbsfronts. These roads connect to a dual-level curbsfront system accommodating arriving and departing passengers. When approaching the Terminal, the roadway divides into an upper level for departing passengers and a lower level for arriving passengers. The upper level includes a curbsfront to provide an unloading area for private vehicles, taxis, limousines, and rental car company and hotel shuttles. The lower level roadway includes a curbsfront designated as loading zones for private vehicles and various commercial vehicles such as buses, courtesy vans, taxis and limousines.

The present airfield configuration consists of two intersecting runways, Runway 5/23 and Runway 16/34. Other facilities at the Airport include: fuel storage areas, facilities for fixed base operators, certain rental car service facilities, air freight and air cargo facilities, various hangars and other aviation-related facilities.

Both Runway 5/23 and Runway 16/34 are equipped with high intensity runway lighting systems. Runway 5/23 has centerline lighting and Runway 5 has touchdown zone lights. Precision instrument landing systems approaches are operational on Runway 5 (Cat III) and Runways 23 and 34 (Cat I). Non-precision instrument approaches can be made to Runway 16. In 2008 an extension to Taxiway "M" will be constructed to create a full parallel taxiway for the primary Runway 5/23 thus improving operational efficiency and safety.

There are five separate locations for aircraft parking at the Airport. The two primary areas are located along the north and west perimeters of the Airport. On the west side of the Airport, adjacent to and east of the terminal building is the passenger terminal apron. The majority of this apron is used for air carrier activity. The



south portion of the passenger terminal apron is used for air carrier belly cargo activities and is supported by a multi-tenant cargo building. The ramp area on the north side of the Airport is currently used for general aviation, air cargo operations, fixed-base operators, and RIAC field operations.

#### **Connecting Ratio at the Airport**

The Airport is primarily an origination – destination airport. Approximately 96% of the passengers at the Airport either began or ended their journeys at the Airport in recent years.

#### **Historical Enplanement Data**

The Airport is classified by the FAA as a medium hub facility based on its percentage of nationwide enplanements. According to the data published by the FAA, the Airport was the 63rd busiest in the country in terms of enplaned passengers in calendar year 2011.

Actual enplaned passengers for fiscal year 2013 were 61,123 below 2012 resulting in a decrease of 3.2%. The decline in enplanements at the Airport is attributable to the continued impact of the economic downturn. The following chart and table depict the historical trend of enplaned passenger traffic at T. F. Green Airport for the fiscal years 1991 through 2013.

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**HISTORICAL ANNUAL ENPLANEMENTS**  
T.F. Green Airport (Fiscal Year Ended June 30)

<b>Fiscal Year</b>	<b>Airport Enplanements</b>	<b>% Increase/Decrease</b>
1991	1,166,104	-
1992	1,124,242	-3.6%
1993	1,188,634	5.7%
1994	1,187,961	-0.1%
1995	1,198,872	0.9%
1996	1,077,634	-10.1%
1997	1,652,755	53.4%
1998	2,184,395	32.2%
1999	2,419,061	10.7%
2000	2,651,589	9.6%
2001	2,811,550	6.0%
2002	2,688,849	-4.4%
2003	2,646,978	-1.6%
2004	2,625,661	-0.8%
2005	2,858,917	8.9%
2006	2,770,432	-3.1%
2007	2,524,992	-8.9%
2008	2,479,954	-1.8%
2009	2,261,700	-8.8%
2010	2,025,144	-10.5%
2011	1,951,580	-3.6%
2012	1,914,828	-1.9%
2013	1,853,705	-3.2%

Source: RIAC

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### Airlines Carriers Serving the Airport

As of June 2013, and based upon classifications defined by the U.S. Department of Transportation, the Airport has scheduled passenger service provided by seventeen major/national and two regional airlines. Two airlines provide all-cargo service.

#### AIRLINES SERVING THE AIRPORT

Majors (7)	Doing Business As:
Delta Air Lines	
Express Jet	Delta Connection and United Express
JetBlue Airways	
SkyWest	Delta Connection
Southwest Airlines	
United Airlines	
US Airways	
Nationals (10)	
Air Wisconsin	US Airways Express
Chautauqua	United Express
Comair	Delta Connection
Commotair	United Express
Compass	Delta Connection
Mesa Airlines	United Express and US Airways Express
Pinnacle	
PSA	US Airways Express
Republic Airlines	United Express and US Airways Express
Shuttle America	Delta Connection and United Express
Regionals (2)	
Cape Air <sup>1</sup>	
Piedmont Airlines	US Airways Express
All Cargo Carriers (2)	
Federal Express	
United Parcel Service	

<sup>1</sup> Cape Air offers seasonal service to Martha's Vineyard, Nantucket, and Hyannis

Source: RIAC

*Airline Market Shares of Enplaned Passengers.* For Fiscal Year 2013, Southwest and US Airways accounted for approximately 48.6 percent and 23.3 percent of enplanements at the Airport, respectively. Other carriers whose individual enplanement shares were greater than five percent of total Airport enplanements in Fiscal Year 2013 include Delta carriers and United carriers.

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**HISTORICAL ENPLANEMENTS BY AIRLINE  
T. F. GREEN AIRPORT (PVD)  
HISTORICAL ENPLANEMENTS BY AIRLINE<sup>1</sup>**

Airline	FY 2009		FY 2010		FY 2011		FY 2012		FY 2013	
	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share	Enplanements	Share
Southwest	1,173,495	51.9%	1,054,173	52.1%	999,458	51.2%	964,591	50.4%	901,523	48.6%
US Airways <sup>2</sup>	487,590	21.6%	459,838	22.7%	443,815	22.7%	440,593	23.0%	431,248	23.3%
Delta <sup>2</sup>	129,474	5.7%	221,153	10.9%	244,325	12.5%	260,714	13.6%	236,344	12.8%
United <sup>2</sup>	183,409	8.1%	164,394	8.1%	155,969	8.0%	164,040	8.6%	187,621	10.1%
JetBlue	-	0.0%	-	0.0%	-	0.0%	-	0.0%	83,266	4.5%
Northwest <sup>2</sup>	134,762	6.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Continental <sup>2</sup>	124,097	5.5%	110,077	5.4%	92,162	4.7%	69,476	3.6%	-	0.0%
Cape Air	8,365	0.4%	6,144	0.3%	5,800	0.3%	5,026	0.3%	4,456	0.2%
Air Canada	4,847	0.2%	4,412	0.2%	4,513	0.2%	3,817	0.2%	2,916	0.2%
(Air Georgian Ltd)										
All Others <sup>3</sup>	15,661	0.7%	4,953	0.2%	5,538	0.3%	6,571	0.3%	6,331	0.3%
Airport Total	2,261,700	100.0%	2,025,144	100.0%	1,951,580	100.0%	1,914,828	100.0%	1,853,705	100.0%

<sup>1</sup> For those airlines that were party to a merger or acquisition, the activity for the respective airlines after the effective date of the merger is included with the surviving entity.

Prior to the effective date of the merger, the activity is reported separately.

<sup>2</sup> Includes mainline carrier and its regional affiliates.

<sup>3</sup> Consists of airlines no longer serving the Airport and/or charter airlines.

Source: RIAC

**Landed Weight by Airline.** The following Table presents the historical share of landed weight by passenger carrier groupings and all-cargo carriers at the Airport for the fiscal years 2009 through 2013. As shown, Southwest and US Airways accounted for approximately 44.4 percent and 23.2 percent of the landed weight at the Airport in Fiscal Year 2013, respectively. Delta and United (and their affiliates) each accounted for five percent or more of total landed weight in Fiscal Year 2013.

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**RHODE ISLAND AIRPORT CORPORATION**  
**T.F. GREEN AIRPORT (PVD)**

**HISTORICAL LANDED WEIGHT BY CARRIER (Weight in Thousand Pounds)**

Airline	FY 2009		FY 2010		FY 2011		FY 2012		FY 2013	
	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
Southwest Airlines	1,406,122,000	49.3%	1,251,402,000	48.3%	1,179,130,000	47.0%	1,062,004,000	45.9%	941,032,000	44.4%
US Airways <sup>2</sup>	612,005,566	21.5%	618,566,257	23.9%	604,895,130	24.1%	544,359,192	23.5%	491,531,227	23.2%
Delta Airlines <sup>1,2</sup>	151,807,982	5.3%	266,225,348	10.3%	302,719,996	12.1%	312,926,774	13.5%	268,414,405	12.7%
United Airlines <sup>1,2</sup>	226,159,251	7.9%	210,115,530	8.1%	200,720,025	8.0%	192,636,179	8.3%	208,268,454	9.8%
Jet Blue	-	0.0%	-	0.0%	-	0.0%	-	0.0%	91,058,522	4.3%
Northwest Airlines <sup>1,2</sup>	156,982,000	5.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Continental Airlines <sup>1,2</sup>	140,340,202	4.9%	130,135,481	5.0%	107,518,589	4.3%	79,523,145	3.4%	-	0.0%
Cape Air	10,701,200	0.4%	8,828,800	0.3%	8,060,000	0.3%	6,801,400	0.3%	6,274,400	0.3%
Air Canada (Air Georgian Ltd)	9,719,000	0.3%	9,080,400	0.4%	8,372,000	0.3%	8,092,300	0.4%	5,644,000	0.3%
All Cargo Carriers	121,447,000	4.3%	94,814,000	3.7%	96,958,420	3.9%	103,602,760	4.5%	105,642,000	5.0%
All Others <sup>3</sup>	15,402,765	0.5%	-	0.0%	-	0.0%	3,120,000	0.1%	2,759,000	0.1%
Airport Total <sup>4</sup>	2,850,686,966	100.0%	2,589,167,816	100.0%	2,508,374,160	100.0%	2,313,065,750	100.0%	2,120,624,008	100.0%

<sup>1</sup> For those airlines that were party to a merger or acquisition, the activity for the respective airlines after the effective date of the merger is included with the surviving entity.

<sup>2</sup> Includes mainline carrier and its regional affiliates.

<sup>3</sup> Consists of airlines no longer serving the Airport and/or charter airlines.

<sup>4</sup> Totals may not add due to individual rounding.

Source: Rhode Island Airport Corporation

## **AIRPORT SYSTEM FINANCIAL OPERATIONS**

RIAC operates as a self-supporting entity. Its financial operations are managed separately from those of EDC. RIAC derives revenue from a variety of sources. The principal sources of RIAC's revenue, and several other matters related to RIAC's financial operations, are described below.

### **Historical Financial Information.**

The Airports are owned by the State and, prior to July 1, 1993, were operated and managed by the Rhode Island Department of Transportation through its Division of Airports. Pursuant to the State Lease Agreement, effective as of July 1, 1993, operating responsibility for the Airports was transferred to RIAC. (The State Lease Agreement is described under the section entitled "The State Lease Agreement.") Currently, the Airport's financial records are maintained on an accrual basis. The Airports' Fiscal Year ends June 30th and consists of the preceding 12-month period.

### **Summary of Financial Results.**

The table below presents a summary of RIAC's revenues, expenses, and changes in retained earnings (deficit) for Fiscal Years 2009 through 2013. The data were excerpted from RIAC's audited annual financial statements. Refer to Appendix B for complete audited financial statements for Fiscal Year 2012 and 2013.

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**RHODE ISLAND AIRPORT CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS (1)**

	June-09	June-10	June-11	June-12	June-13
<b>OPERATING REVENUES</b>					
Rental, concession fees and other	\$26,080,630	\$26,038,173	\$24,815,837	\$24,927,997	\$25,634,891
Landing fees and airfield revenues	14,171,585	13,664,005	13,748,215	13,800,015	13,235,900
Parking	13,584,610	11,952,964	11,588,344	11,542,017	11,449,590
Total operating revenues	53,836,825	51,655,142	50,152,396	50,270,029	50,320,381
<b>OPERATING EXPENSES</b>					
Employee Wages & Benefits	19,643,330	19,073,412	17,542,387	16,907,287	17,223,123
Supplies, Materials & Services	7,048,236	5,576,636	5,616,227	5,549,336	5,289,322
Other Operating Expenses	7,413,883	6,293,601	5,925,242	5,777,888	5,825,550
Depreciation & Amortization	18,137,836	19,191,146	19,043,196	19,872,690	20,280,077
Total operating expenses	52,243,285	50,134,795	48,127,052	48,107,201	48,618,072
Operating income	1,593,540	1,520,347	2,025,344	2,162,828	1,702,309
<b>NONOPERATING REVENUES(EXPENSES)</b>					
Interest expense	(14,193,806)	(13,892,693)	(13,667,819)	(13,131,729)	(12,667,605)
Passenger facility charges	9,111,640	8,293,604	8,089,543	7,747,347	7,627,745
Interlink, net <sup>(2)</sup>	5,193,912	3,646,392	224,176	(2,234,099)	(3,005,261)
Grant revenues for property acquisition	3,820,048	10,656,187	3,983,623	795,213	2,383,569
Grant expenses for property acquisition	(3,403,122)	(8,734,124)	(3,869,237)	(964,161)	(2,169,191)
Investment income	1,727,524	277,048	140,756	39,808	46,874
Claims, judgments and other settlements	(180,301)	(45,000)	205,987	-	-
Other income (expense)	80,715	109,959	120,217	94,667	89,755
Total non-operating revenues, net	2,156,610	311,373	(4,772,754)	(7,652,954)	(7,694,114)
Income before capital contributions	3,750,150	1,831,720	(2,747,410)	(5,490,126)	(5,991,805)
<b>CAPITAL CONTRIBUTIONS, NET</b>	67,400,631	13,716,510	(5,768,578)	4,654,657	6,427,035
Change in net assets	71,150,781	15,548,230	(8,515,988)	(835,469)	435,230
Net Assets, beginning of year	224,721,265	295,872,046	311,420,276	302,904,288	302,068,819
Net Assets, end of year	\$295,872,046	\$311,420,276	\$302,904,288	\$302,068,819	\$302,504,049

Footnote:

(1) Certain reclassifications have been made to the prior year amounts to conform to the current presentation.

(2) In fy 2011, the Interlink Facility commenced operations. The net operating results are reported in this line item. Customer Facility Charges are included in this line item.

Source: RIAC

## Management Discussion of Historical Financial Results

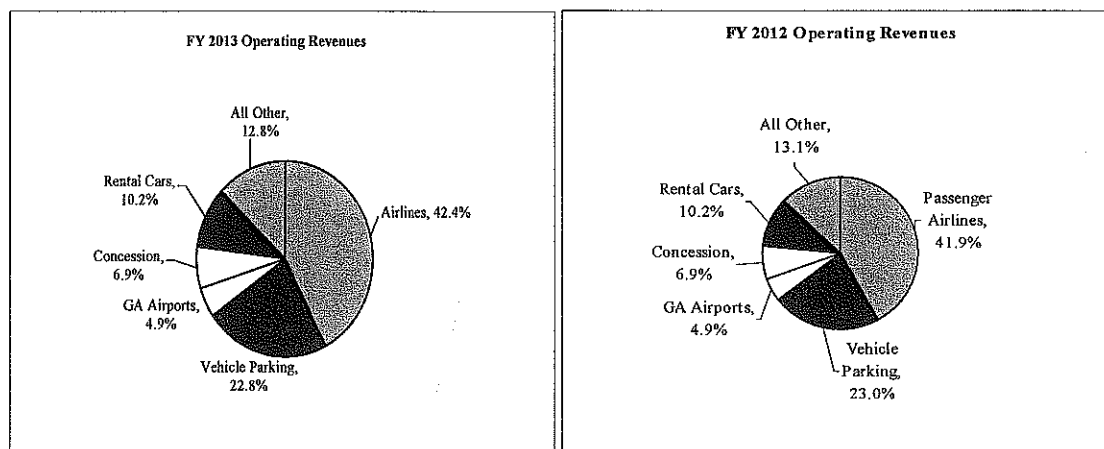
RIAC's principal operating revenue categories include fees and charges to the airlines utilizing the Airport, which consist of landing fees, terminal rental fees, and airline equipment charges. In addition, RIAC receives revenues from airport parking, fuel flowage fees, food/beverage and retail concessions, non-airline rental fees, automobile rental fees, and off-airport courtesy fees.

Operating expenses include employee wages and benefits, retirement benefits, supplies and materials, operating expenses, and depreciation and amortization.

### Major Revenue Categories

The following chart shows the major sources and the percentage of total operating revenues for the fiscal years ended June 30, 2013, 2012 and 2011.

	2013	% of Total Revenues	2012	% of Total Revenues	2011	% of Total Revenues
<b>OPERATING REVENUES</b>						
Passenger Airlines	\$ 21,317,607	42.4%	\$ 21,063,108	41.9%	\$ 21,467,380	42.8%
Vehicle Parking	11,449,590	22.8%	11,542,017	23.0%	11,588,344	23.1%
Rental Cars	5,111,211	10.2%	5,128,359	10.2%	5,342,656	10.7%
Concession	3,450,387	6.9%	3,456,791	6.9%	3,436,313	6.9%
General Aviation Airports	2,485,396	4.9%	2,476,389	4.9%	2,128,317	4.2%
Tiedowns, Hangar & Miscellaneous	1,332,575	2.6%	1,327,577	2.6%	1,248,499	2.5%
Fuel Flowage Fees	1,028,787	2.0%	1,088,250	2.2%	1,069,788	2.1%
Non-Airline Rent	1,018,420	2.0%	1,063,063	2.1%	1,060,603	2.1%
Other Revenues	892,679	1.8%	894,251	1.8%	738,420	1.5%
Rental Revenues - Airport Support	837,693	1.7%	815,492	1.6%	719,170	1.4%
General Aviation & Cargo	756,768	1.5%	767,401	1.5%	728,291	1.5%
Off Airport Courtesy Fees	639,268	1.2%	647,331	1.3%	624,615	1.2%
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 50,320,381</b>	<b>100.0%</b>	<b>\$ 50,270,029</b>	<b>100.0%</b>	<b>\$ 50,152,396</b>	<b>100.0%</b>



Revenues for fiscal year 2013 increased slightly by \$50,000 from fiscal year 2012 revenues. Overall revenues for fiscal year 2012 increased slightly by \$118,000 from fiscal year 2011 revenues.

Passenger Airline revenues for fiscal year 2013 increased by approximately \$255,000 from fiscal year 2012. Passenger Airline revenues for fiscal year 2012 decreased by approximately \$404,000 from fiscal year 2011.

Passenger Airline revenues include landing fees, terminal rentals, and apron rentals, net of an airline net revenue share. Passenger Airline revenue divided by fiscal year enplanements results in the Airport's Cost Per Enplanement (CPE). The calculated CPE's for fiscal years 2013, 2012 and 2011 are \$11.50, \$11.00, and \$11.00, respectively.

Vehicle Parking revenues for fiscal year 2013 and 2012 decreased by approximately \$92,000 and \$46,000 respectively, as a result of declines in passenger traffic at the Airport offset by the results of programs to maximize the use of Airport parking facilities.

Rental Car revenues decreased by approximately \$17,000 and \$214,000 for fiscal years 2013 and 2012, respectively. These revenues include RIAC's share of rental car transactions and space rentals at the Airport. The decreases are a result of the trend in enplanements.

Concession revenues for fiscal year 2013 decreased approximately \$6,000 from fiscal year 2012 amounts. Concession revenues for fiscal year 2012 increased approximately \$20,000 over fiscal year 2011. Included in this category are revenues from food, retail, and advertising concessionaires at the Airport.

General Aviation Airports revenues increased by \$9,000 and \$348,000 in fiscal years 2013 and 2012 respectively, due to increased hangar rental and fuel revenues primarily at Quonset Airport and North Central Airport.

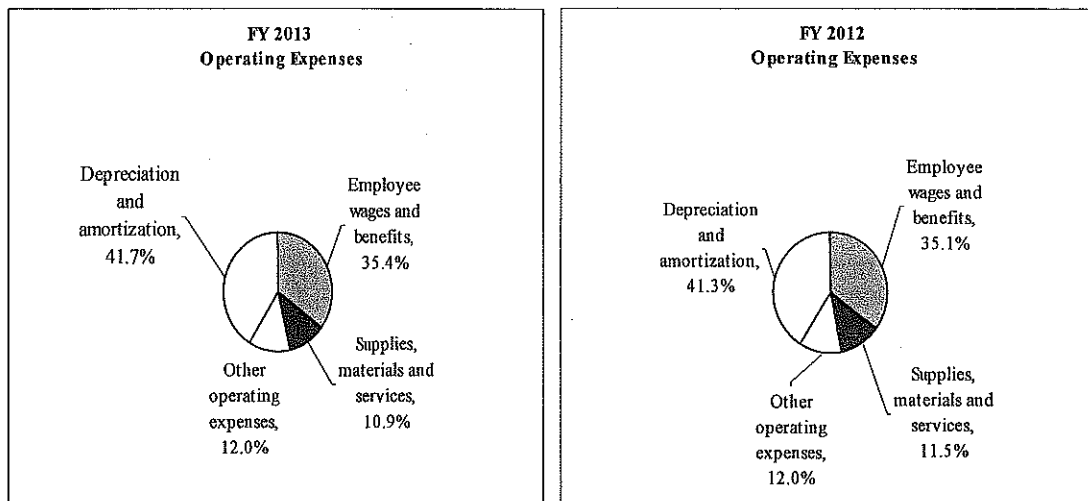
Other Revenues in fiscal year 2013 decreased slightly by \$2,000 from fiscal year 2012. Other Revenues for fiscal year 2012 increased by \$156,000 as compared to fiscal year 2011 due to the receipt of additional federal grants. Also, included in this line item are audit recoveries, bad debt expense and recoveries.

Rental Revenues – Airport Support Fund increased by \$22,000 and \$96,000 in fiscal years 2013 and 2012, respectively. These increases are a result of increased rental fees on certain revenue producing parcels located at Quonset State Airport.

### Operating Expenses

The following chart illustrates major categories of operating expenses for the fiscal years ended June 30, 2013, 2012 and 2011:

	2013	% of Total Operating Expenses	2012	% of Total Operating Expenses	2011	% of Total Operating Expenses
OPERATING EXPENSES						
Employee wages and benefits	\$ 17,223,123	35.4%	\$ 16,907,287	35.1%	\$ 17,542,387	36.4%
Supplies, materials and services	5,289,322	10.9%	5,549,336	11.5%	5,616,227	11.7%
Other operating expenses	5,825,550	12.0%	5,777,888	12.0%	5,925,242	12.3%
Depreciation and amortization	20,280,077	41.7%	19,872,690	41.4%	19,043,196	39.6%
TOTAL OPERATING EXPENSES	<u>\$ 48,618,072</u>	100.0%	<u>\$ 48,107,201</u>	100.0%	<u>\$ 48,127,052</u>	100.0%



Employee wages and benefits for fiscal year 2013 increased by \$316,000 over prior year amounts primarily due to overtime for snow removal and the scheduled increase in employee wages. Fiscal year 2012 decreased \$635,000 from prior year amounts due to the reduction in force during fiscal year 2011 and management's efforts to manage these costs in line with revenue streams.

Supplies, materials and services for fiscal year 2013 and 2012 decreased by \$260,000 and \$40,000 respectively from prior year amounts. The reduction in fiscal year 2013 is primarily due to reduced costs related to the outside services for the baggage handling system and management's efforts to manage costs in line with revenue streams. Included in this line item are contracted maintenance, outside services, professional fees and supplies.

Other operating expenses for fiscal years 2013 increased \$48,000 over prior year amounts primarily as a result of increased fuel costs. Fiscal year 2012 decreased approximately \$147,000 from prior year amounts as a result of utility savings and management's efforts to manage costs in line with revenue streams. Included in this line item are utilities, maintenance agreements, insurance and advertising.

#### **Current Operating Budget**

The following table depicts the operating budget of RIAC for Fiscal Year 2014:

#### **SUMMARY OF BUDGETED OPERATING REVENUE & EXPENSES** Fiscal Year Ended June 30, 2014

Operating Revenues	<u>\$51,086,800</u>
Operating Expenses	
Employee Wages & Benefits	\$18,084,700
All Other Operating Expenses	12,181,800
Amortization & Depreciation	<u>20,800,000</u>
Total Expenses	<u>\$51,066,500</u>
Net Operating Income After Depreciation	\$20,300

#### **Debt Service Coverage**

Presented below is a table presenting the Amounts Available to Pay Debt Service (as defined in the Indenture) and a comparison of those amounts to the debt service payable on Bonds in Fiscal Years 2009, 2010, 2011, 2012 and 2013.

### DEBT SERVICE COVERAGE

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Net Revenues	\$28,056,129	\$28,734,281	\$29,385,072	\$30,361,839	\$29,819,907
Other Funds Available to Pay Debt Service:					
Pledged Passenger Facility Charges	4,185,142	4,180,559	4,171,808	4,169,850	4,168,193
Coverage Accounts	1,337,176	1,337,176	4,599,701	4,700,927	4,702,852
Total	\$ 5,522,318	\$ 5,517,735	\$ 8,771,509	\$ 8,870,777	\$ 8,871,045
Amounts Available to Pay Debt Service	33,578,447	34,252,016	38,156,581	39,232,616	38,690,952
Debt Service	\$ 21,703,314	21,761,904	22,475,954	22,527,731	22,521,263
Debt Service Coverage Ratio	1.55	1.57	1.70	1.74	1.72

Source: RIAC

### THE GENERAL AVIATION AIRPORTS

There are five General Aviation Airports operated by RIAC, each of which is managed pursuant to a Management Contract by and between RIAC and AFco AvPORTS Management LLC (AvPORTS). Each of these airports is briefly described below:

#### North Central Airport

Located approximately fifteen miles north of the Airport, North Central Airport is classified as a reliever airport by the FAA and is located in Smithfield, Rhode Island.

#### Quonset Airport

This airport is located in North Kingstown, Rhode Island, approximately ten miles south of the Airport. The Rhode Island Air National Guard moved its operations from the Airport to Quonset Airport in 1986. The Rhode Island Army National Guard also maintains a presence at Quonset Airport. Quonset Airport has additional industrial facilities which are leased to several companies by the Quonset Development Corporation (QDC), a subsidiary of the EDC. Quonset Airport is classified by the FAA as a reliever airport.

#### Westerly Airport

This airport is located in Westerly, Rhode Island, approximately thirty-five miles southwest of the Airport. Westerly Airport is classified as a commercial service airport and enplanes approximately 10,000 commuter passengers annually.

#### Newport Airport

This airport is located in Middletown, Rhode Island, approximately seventeen miles southeast of the Airport. Newport Airport is classified as a general aviation airport.

#### Block Island Airport

Situated on Block Island just off the southern coast of Rhode Island, Block Island Airport is approximately twenty-five miles from the Airport. Block Island Airport is classified as a commercial service airport and enplanes approximately 10,000 commuter passengers annually.

## CAPITAL IMPROVEMENTS

RIAC's Capital Improvement Program ("CIP") includes the following three priority projects; the Deicer Management System, Runway 16-34 Safety Area ("RSA") Improvements, and the Runway 5-23 Extension.

The Deicer Management System consists of upgrades to the deicer runoff management system at T.F. Green Airport. The improvements include online monitoring and diversion of deicing stormwater to comply with the Rhode Island Pollutant Discharge Elimination System ("RIPDES") permit issued by the Rhode Island Department of Environmental Management ("RIDEM"). The improvements prevent the discharge of deicing runoff to surface waters when the concentration exceeds the RIPDES permit limits. This project started in 2013 and is expected to be complete in 2015.

Runway 16/34 Safety Area ("RSA") Improvements include installation of an Engineered Materials Arresting System ("EMAS") in the RSAs at each runway end. It also includes reconfiguring the taxiway from the Runway 16 end to the North Apron to meet FAA requirements, replacement of Navigational Aids ("NAVAIDS"), raising of the Runway 34 end, relocation of a portion of the Runway 34 end Perimeter Road, and wetland mitigation improvements. This project started in 2013 and is expected to be complete in 2016.

Runway 5-23 Extension involves extending Runway 5 to the south by approximately 1,530 feet to a total length of 8,700 feet. Major components of this work include acquisition of land and residences within the new Runway Protection Zone (RPZ) and Main Avenue, installation of an EMAS on the southwest end (Runway 5 end), relocation of Winslow Park facilities, relocation of Main Avenue and the perimeter roadways, new navigational aids, airfield approach lighting, drainage improvements, utility relocations, site clearing, fencing, and electrical vault upgrades, and extension of parallel Taxiway M. This project started in 2013 and is expected to be complete in 2017.

RIAC expects the majority of funding for these and any additional projects undertaken will include (but not necessarily be limited to) federal grants, passenger facility charge revenue, RIAC revenues and the proceeds of future bonds. RIAC prioritizes capital needs based on limiting impacts to airline rates and charges and maximizing grant funding.

## PASSENGER FACILITY CHARGE

PFCs are available to airports to finance specific eligible projects that (i) preserve or enhance capacity, safety or security of the national air transportation system, (ii) reduce noise resulting from an airport or (iii) furnish opportunities for enhanced competition among air carriers. As previously described, RIAC has received approval of its applications for authority to impose and use PFCs of \$4.50 per enplaned passenger to pay for eligible components of the new T.F. Green Terminal Construction including the payment of a portion of the debt service on the 2013 Series C Bonds and the 1994 Bonds, the 2004 Bonds and the 2005 Series C Bonds issued therefore. RIAC's total PFC Authority is \$183.559 million, of which \$142.39 million (including interest earned) has been collected as of June 30, 2013. The authority to collect PFCs expires upon the expiration date specified by the FAA or once collections reach a maximum amount approved by the FAA, whichever occurs first.

The Administrator may terminate a public agency's authority to impose the PFCs if the Administrator determines a public agency is in violation of certain provisions of the Airport Noise and Capacity Act (the "Noise Act") relating to noise and access restrictions or if the Administrator determines that the PFC Revenue is excessive or cannot determine that such revenue is being used for approved projects in accordance with the approval or with the Passenger Facility Charge Act, or, if project implementation does not commence within the time period specified in the Passenger Facility Charge Act or if the public agency is otherwise in violation of the PFC.

The FAA termination provisions provide a variety of procedural safeguards, including an informal resolution procedure before commencement of proceedings to terminate a public agency's authority to impose PFC, which the FAA will commence only if the FAA determines that informal resolution is not successful. In addition, termination proceedings include a period of time to allow a public agency to correct any defect the FAA has identified or to attempt to work out a compromise with the FAA that will allow the PFC Revenue stream to continue.

uninterrupted. A public agency's authority to impose PFCs and use PFC Revenues will continue for at least 180 days from the commencement of the informal resolution procedures.

The regulations under the Noise Act also contain significant procedural safeguards to ensure that a public agency's authority to impose PFCs would not be summarily terminated. Most significantly, a public agency can under any circumstance prevent termination of its PFC authority by suspending the effectiveness of any noise or access restriction in question, until the legal sufficiency of the restriction, and its impact on its PFC authority, has been determined.

RIAC covenanted in the First Supplemental Indenture that it would comply with all provisions of the Passenger Facility Charge Act applicable to RIAC, and that it would not take any action or omit to take any action with respect to the PFC Revenues, the Airport or otherwise if such action or omission would, pursuant to the Passenger Facility Charge Act, cause the termination of RIAC's authority to impose a PFC or prevent the use of the PFC Revenues as contemplated by the First Supplemental Indenture. RIAC has also covenanted that it will not impose any noise or access restriction not in compliance with the Noise Act.

In the event fewer passengers enplane at the Airport than are currently projected, PFC Revenue available on an annual basis would be less than the amount currently projected. However, RIAC, upon request to and consent of the Administrator, would have the right to extend the collection period of the PFC in order to realize the amount of PFC Revenue originally approved. In addition, once approved, the authority of RIAC to impose and use PFCs could be terminated in whole or in part in the future, in accordance with the procedures described above. Upon the occurrence of any one or more of these events, the amount of PFC Revenue available to pay a portion of the annual debt service on the 1994 Bonds, the 2004 Bonds, the 2005 Series C Bonds or the 2013 Series C Bonds could be reduced or eliminated provided, however, that Net Revenues would in any event continue to be pledged to pay debt service on such Bonds.

## **INVESTMENT CONSIDERATIONS**

### **General**

The following section describes certain risk factors affecting the payment of and security for all Bonds outstanding under the Trust Indenture, including the 2013 B/C Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the 2013 B/C Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following specific factors along with all other information described elsewhere or incorporated by reference in this Official Statement in evaluating the 2013 B/C Bonds.

### **General Factors Affecting Airline Activity**

Numerous factors affect air traffic generally and air traffic at the Airport more specifically. Demand for air travel is influenced by factors such as population, levels of disposable income, the nature, level and concentration of economic activity in the service area, and the price of air travel. The price of air travel is, in turn, affected by the number of airlines serving a particular airport and a particular destination; the financial condition, cost structure and hubbing strategies of the airlines serving an airport; the price of fuel, the cost of operating at an airport, and any operating constraints (due to capacity, environmental or other factors) limiting the frequency or timing of airport traffic within the national system or at a particular airport. In addition, the hostilities in Afghanistan, Iraq and elsewhere and the threat of renewed terrorist attacks may dampen air traffic.

### **Factors Affecting Aviation and the Airline Industry**

Key factors that affect airline traffic at the Airport and the financial condition of the airlines, and, therefore, the amount of Net Revenues available for payment of the 2013 B/C Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport

and competition from other airports for connecting traffic; and business travel substitutes, including teleconferencing, videoconferencing and web-casting. If aviation and enplaned passenger traffic at the Airport do not meet forecast levels, a corresponding reduction could occur in Revenues.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as September 11, 2001.

Growing competition from low-cost, low-fare carriers has forced legacy carriers to implement route rationalization, including route transfers to regional partners and the reduction, or elimination, of service to unprofitable markets. Airlines have reduced schedules, simplified fleets, deferred new aircraft delivery, implemented pay cuts, and reduced workforces. In addition, legacy carriers have shown increasing flexibility in adjusting fares to match discount fares offered by low-cost carriers. Airlines have also introduced innovations in passenger service and convenience – notably the expanded use of the Internet and self-service kiosks—which have greatly reduced waiting lines for boarding passes.

Following are just a few of the factors affecting the airline industry including, costs of aviation fuel, structural changes in the travel market, international conflicts and threats of terrorism. Airline bankruptcies, and operating results and financial condition of airlines. See also “—Aviation Security Concerns” below for additional discussion on the costs of security.

#### **Availability and Price of Aviation Fuel**

The level of prices, the availability and the price volatility of aviation fuel are some of the most significant and uncertain factors impacting the airline industry. In 2008, according to the Air Transport Association, fuel overtook labor as the industry’s largest operating expense. During the first quarter of 2011, fuel prices increased as a result of rising global demand and political instability in oil producing countries in the Middle East and North Africa. In recent years, some airlines have attempted to pass the higher fuel costs to consumers by imposing fuel surcharges, increasing the price of airfares and associated services, or reducing capacity, fleet and personnel.

Despite these types of efforts, aviation fuel costs had, and are likely to continue to have, an adverse impact on the air transportation industry by increasing airline operating costs, hampering airline financial recovery plans and reducing airline profitability. RIAC is not able to predict how continued uncertainty with respect to the cost, availability and volatility of prices of aviation fuel will impact the Airport or the airlines operating at the Airport.

Some airlines have hedged fuel prices through the purchase of oil futures contracts; however, the amount of hedged fuel cost has varied tremendously by airline and is limited by an individual airline’s financial condition. The substantial increase in fuel prices has had a significant impact on profitability, and future increases or sustained higher prices could affect airfares and airline service.

#### **Impact of Federal Sequestration**

Federal funding received by the Airport could be adversely affected by implementation of certain provisions of the Budget Control Act of 2011 (Pub. L. 112-25) (the “Budget Control Act”), which was signed into law by President Obama on August 2, 2011. As a result of the failure of the Joint Select Committee on Deficit Reduction to reach an agreement on the deficit reduction actions as required by the Budget Control Act, sequestration has been triggered. On January 2, 2013, President Obama signed into law H.R. 8, the American Taxpayer Relief Act of 2012, which delayed the initiation of the sequestration process from January 2, 2013 to March 1, 2013. Sequestration could adversely affect FAA operations and the availability of certain federal grant funds typically received annually by the Airport. These federal spending cuts would likely be spread over a number of years. In addition to adversely affecting the United States economy, commercial aviation operations throughout the United States could also be adversely affected, due to layoffs or furloughs of federal employees responsible for certain critical federal airport functions, however, on May 1, 2013, President Obama signed into law the Reducing Flight Delays Act of 2013 (H.R. 1765), which ended FAA air traffic controller furloughs, that had caused air traffic



delays across the nation, but which reduced the amount of available AIP funds in the federal fiscal year of 2013 by \$253 million to pay for such controller costs. The full impact of such sequestration measures on the Airport, however, is unknown at this time.

### **Effect of Airline Bankruptcies**

In the event of an assumption of any executory contract or lease, an airline would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable executory contract or lease. In the event of an assumption by a debtor airline and assignment to a third party, the assurance of future performance would have to be demonstrated by the proposed assignee.

Rejection of a Signatory Airline Agreement or other executory contract with RIAC will give rise to an unsecured claim of RIAC for damages, the amount of which in the case of a Signatory Airline Agreement or other lease is limited by the U. S. Bankruptcy Code generally to the amount unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. Claims for such damages are subject to the RIAC's duty to mitigate damages. The amount ultimately allowed in the event of a rejection of a Signatory Airline Agreement or other executory contract could be considerably less, however, than the maximum amount allowed under the U.S. Bankruptcy Code. Amounts unpaid as a result of a rejection of a Signatory Airline Agreement by an airline in bankruptcy can be passed on to the remaining Signatory Airlines under the Signatory Airline Agreement, thereby increasing such airlines' cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs.

In recent years, several airlines, including those with operation at the Airport, have filed bankruptcy protection. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future. The EDC and RIAC cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding 2013 B/C Bonds and Prior Bonds.

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., RIAC) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for Chapter 7 or 11 bankruptcy protection, however, are required to segregate PFC revenue in a separate account for the benefit of the airport and cannot grant a third party any security or other interest in PFC revenue. The airlines are entitled to retain interest earned on PFC collections until such PFC collections are remitted. This procedure was followed by Delta, United and Northwest during their respective bankruptcies. PFCs collected by those airlines were required by the bankruptcy court to be placed in accounts separate from other airline revenue accounts and be paid to airports monthly in accordance with the PFC regulations. However, RIAC cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs or whether the bankruptcy estate will have sufficient moneys to pay RIAC in full for the PFCs owed by such airline. PFCs are pledged to the repayment of the 2013 B/C Bonds. RIAC has recovered all of its PFCs from each of the airlines that filed for Chapter 11 bankruptcy protection.

### **Role of Southwest Airlines**

Southwest Airlines is the leading carrier operating at the Airport. Southwest Airlines, accounted for approximately 48.6% of passenger enplanements at the Airport in Fiscal Year 2013 and approximately 12% of the Airport's operating revenues. Additionally, Southwest Airlines leases 4 of the 19 full service jet gates at the Airport.

Information regarding the financial condition of Southwest Airlines can be found in press releases made by Southwest Airlines. See "Airlines Subject to Airline Agreement below." No assurances can be given concerning the present or future financial viability of Southwest Airlines.

Any significant financial or operational difficulties incurred by Southwest Airlines may have a material adverse effect on RIAC's revenues and the Airport.

### **Aviation Security Concerns**

The terrorist attack of September 11, 2001, the conflicts in Iraq and Afghanistan and the threat of more terrorist attacks generally decreased passenger traffic levels at the Airport and nationally in the years immediately after 2001. The EDC and RIAC cannot assess the threat of terrorism and the probability of another attack on American soil or against Americans traveling abroad. Should new attacks occur against the air transportation industry, the travel industry, cities, utilities, infrastructure, office buildings or manufacturing plants, the effects on travel demand could be substantial.

The conflicts in Iraq and Afghanistan have had a negative effect on air travel domestically and internationally. As a result of the conflicts and related terrorist threats, airlines significantly reduced the number of transatlantic flights and airline revenues and cash flow were adversely affected. Uncertainty associated with the hostilities and the increased threats of future terrorist attacks may continue to have an adverse impact on air travel in the foreseeable future.

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred in the Middle East), terrorist attacks, increased threat levels declared by the Department of Homeland Security and world health concerns such as the Severe Acute Respiratory Syndrome ("SARS") outbreak in 2003 and the outbreak of H1N1 influenza (commonly known as "swine flu") in 2009, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

### **Airlines Subject To Signatory Airline Agreements**

Each of the Airlines subject to the Signatory Airline Agreements (or their respective parent corporations) is subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Certain other airlines are subject to the information reporting requirements of the Commission. Certain information, including financial information, as of particular dates concerning each of these reporting airlines (or their respective parent corporations) is disclosed in reports and statements filed with the Commission. Such reports and statements can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 and the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and 233 Broadway, New York, New York 10279. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 (at the above address at the prescribed rates). The Commission also maintains a website that contains reports, proxy and information statements and other written information regarding companies that file electronically with the Commission. The address of the website is <http://www.sec.gov>. In addition, each of the Airlines subject to the Signatory Airline Agreements is required to file periodic reports of financial and operating statistics with the United States Department of Transportation (the "DOT"). Such reports can be inspected at the following location: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, Department of Transportation, 400 Seventh Street, S.W. Washington, D.C. 20590, and copies of such reports can be obtained from the DOT at prescribed rates.

### **Federal Regulation Regarding Rates and Charges Disputes**

The operations of the Airports are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Signatory Airline Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of September 11, 2001, the Airports also have been required to implement enhanced security measures mandated by the FAA, the Department of Homeland Security and Airport management.

It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airports, whether additional requirements will be funded by the federal government or require funding by RIAC, or whether such restrictions or legislation or regulations would adversely affect Revenues.

#### **Capacity of National Air Traffic Control and Airport Systems**

Demands on the national air traffic control system continue to cause aircraft delays and restrictions, both on the number of aircraft movements in certain air traffic routes and on the number of landings and takeoffs at certain airports. These restrictions affect airline schedules and passenger traffic nationwide. The FAA is gradually automating and enhancing the computer, radar, and communications equipment of the air traffic control system and assisting in the development of additional airfield capacity through the construction of new runways and the more effective use of existing runways. However, increasing demands on the national air traffic control and airport systems could cause increased delays and restrictions in the future.

#### **Airport Insurance Coverage**

The Master Indenture does not specify any minimum amount of insurance coverage. Instead, the Master Indenture requires RIAC to maintain insurance against such risks at the Airports as are usually insured at other similar airports. RIAC maintains the following levels of insurance to the extent such risks are governed by governmental tort immunities.

*Liability.* RIAC purchases general liability coverage providing coverage for bodily injury and property damage arising from aviation operations at the Airports. Liability coverage is generally limited to \$200 million including war risk. The policy contains several sublimits related to items such as medical malpractice liability, personal injury liability and advertising injury liability. The deductible for the above policy is \$5,000 for each occurrence subject to a maximum of \$100,000 in the aggregate.

*Commercial Property.* RIAC purchases commercial property coverage insuring real property, personal property and business interruption with a \$400 million loss limit. This program includes flood and earthquake insurance, boiler and machinery insurance and terrorism coverage. This policy includes various coverages at specified limits and sublimits based on location with commercially reasonable deductibles.

There is no assurance that RIAC's insurance coverage listed above will be available to or obtained by RIAC in the future.

### **LITIGATION**

There is no litigation pending in any court or, to best of the knowledge of EDC or RIAC, threatened, questioning the corporate existence of EDC or RIAC, or the title of the present Directors or Officers of EDC or RIAC to their respective offices, seeking to restrain or enjoin the issuance or delivery of the 2013 Bonds, or concerning the proceedings of EDC or RIAC taken in connection with the 2013 Bonds or the pledge of the Trust Estate or application of any Net Revenues provided for their payment or contesting the powers of EDC or RIAC with respect to the foregoing.

Pursuant to the State Lease Agreement, the State and RIDOT retained all liability with respect to litigation pending or threatened as of July 1, 1993 or arising after July 1, 1993 by reason of or in connection with the administration, maintenance, management, regulation, operation, improvement, development, or use of the Airports prior to July 1, 1993. The following action is currently pending against RIAC:

RIAC and the Rhode Island Department of Environmental Management resolved a longstanding appeal of the Rhode Island Pollutant Discharge Elimination System ("RIPDES") permit authorizing stormwater discharges from TF Green Airport to Unnamed Tributaries of Warwick Pond, Buckeye Brook, and Tuscatucket Brook. The resolution was memorialized in a Consent Order as well as in the new terms of the RIPDES permit. In compliance

therewith, RIAC, with the consent and support of the Airlines, is constructing a new deicer management facility (more fully described above under Future Capital Improvements).

Except as set forth above, there are no actions currently pending against RIAC which, if decided against RIAC, would have a material adverse effect on the finances or operations of RIAC.

### **COLLECTIVE BARGAINING PROCEEDINGS**

A collective bargaining agreement covering a majority of RIAC's employees is in place with the American Federation of State Government and Municipal Employees (AFSCME) Council 94, Local 2873, through June 30, 2016.

Under the collective bargaining agreement, grievances arise from time to time, and some of them go to arbitration. None of the grievances that are currently pending would, in the opinion of RIAC, have a significant impact on RIAC's financial condition if the Union were to prevail.

### **PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS**

#### **Pension Plans**

*Employees' Retirement System of the State of Rhode Island.* Effective July 1, 2012, the State administered retirement system was modified to include both defined benefit and defined contribution components. The State of Rhode Island Employees' Retirement System (ERS) issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained by writing to the Employees' Retirement System of Rhode Island, 50 Service Avenue, Warwick, RI 02886.

*Defined Benefit Plan Description.* All employees who transferred from the State's payroll to RIAC's employment on July 1, 1993 participate in a cost-sharing multiple-employer defined benefit pension plan administered by the ERS. The plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The level of benefits provided to state employees is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly.

*Funding Policy.* The funding policy, as set forth in the General Laws, Section 36-10-2, provides for actuarially determined periodic contributions to the plan. Participating RIAC employees are required to contribute 3.75% of their annual covered salary. RIAC is required to contribute at an actuarially determined rate; the rate was 21.18% of annual covered payroll for the fiscal year ended June 30, 2013. RIAC contributed \$164,285, \$182,393 and \$174,735 for the fiscal years ended June 30, 2013, 2012 and 2011, respectively, equal to 100% of the required contribution for each year.

*Defined Contribution Plan Description.* Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

RIAC contributed \$7,453 for the fiscal year ended June 30, 2013 (which was the first year of the defined contribution plan), equal to 100% of the required contributions for that year.

### **Money Purchased Pension Plan**

Employees hired by RIAC on or after July 1, 1993 are eligible to participate in the Money Purchase Pension Plan and Trust, a defined contribution plan administered by RIAC. The number of RIAC employees covered by this Plan throughout the year averaged 136 in 2013 and 140 in 2012. RIAC's total payroll for the year ended June 30, 2013 was approximately \$11,713,000 of which \$9,754,000 was covered under the Plan. RIAC's total payment for year ended June 30, 2012 was approximately \$11,556,000, of which \$9,777,000 was covered under the Plan. RIAC's total payroll for the year ended June 30, 2011 was approximately \$11,927,000, of which \$9,892,000 was covered under the Plan.

In order to participate in the Plan, covered employees must contribute 6% of their base pay to the Plan. Participants are 100% vested in the amounts they contribute. Withdrawals of these contributed amounts are not permitted prior to termination of employment. RIAC matches 100% of participants' required contributions under a one-year vesting schedule. Total contributions for the year ended June 30, 2013 were approximately \$599,000 by the employer and \$585,000 by the employees, respectively. Total contributions for the year ended June 30, 2012 were approximately \$587,000 by the employer and \$600,000 by the employees, respectively. Total contributions for the year ended June 30, 2011 were approximately \$593,000 by the employer and \$610,000 by the employees, respectively.

The Board of Directors of RIAC has the authority to establish and/or amend the Plan's provisions and the Plan's contribution requirements.

### **Other Post-Employment Benefits**

**Plan Description.** RIAC contributes (for certain employees) to the State Employees' defined benefit post-employment health care plan, a cost sharing multiple employer plan administered through the Rhode Island State Employee's and Electing Teachers OPEB System (OPEB System). The State of Rhode Island OPEB Board (Board) was authorized, created and established under Chapter 36-12.1 of the RI General Laws. The Board was established to independently hold and administer, in trust, the funds of the OPEB system. The plan provides medical benefits to certain retired employees of participating employers including RIAC.

Pursuant to legislation enacted by the General Assembly, a trust has been established to accumulate assets and pay benefits and other costs associated with the system.

The OPEB system issues a stand-alone, publically available financial report that includes the financial statements and required a supplementary information. A copy of the report can be obtained from the State Controller's Office, 1 Capitol Hill, Providence, RI 02903.

**Funding Policy.** RIGL Sections 36-12.1, 36-12.2.2, and 36-12-4 govern the provisions of the OPEB System. The contribution requirements of plan members, the State, and other participating employers are established and may be amended by the General Assembly. Active employees make no contribution to the OPEB plan. Employees who retired after October 1, 2008 must contribute 20% of the annual estimated benefit cost (working rate) or annual premium for Medicare supplemental coverage. Employees retiring before October 1, 2008 have varying co-pay percentages ranging from 0% to 50% based on age and years of service at retirement. Further information about the contributions of plan members can be found in the financial report of the OPEB System.

All participating employers are required by law to fund the actuarially determined annual required contribution (ARC), which for fiscal year 2013 was 6.86% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. RIAC's contributions to the plan for the years ended June 30, 2013 and 2012 were \$53,058 and \$53,360, respectively, which represents 100% of the ARC.

## PENDING LEGISLATION

From time to time, legislation is introduced in the State General Assembly which would, if enacted, require RIAC to divert RIAC revenues to the City of Warwick for services rendered by the City to RIAC. Any such legislation, if enacted, would need to comply with applicable federal law which limits the ability for such charges to be imposed on RIAC without FAA approval.

## APPROVAL OF LEGALITY

Certain legal matters incident to the validity of the 2013 B/C Bonds and the issuance thereof by EDC are subject to the approval of Cameron & Mittleman LLP, Providence, Rhode Island, Bond Counsel, whose approving opinion (in the form attached hereto as APPENDIX B) will be delivered concurrently with the issuance of the 2013 B/C Bonds. Certain legal matters will be passed upon for EDC by Shechtman Halperin Savage, LLC, Pawtucket, Rhode Island, for RIAC by its in-house counsel and for the Underwriter by its counsel, Partridge Snow & Hahn LLP.

## TAX MATTERS

In the opinion of Cameron & Mittleman LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, (i) interest on the 2013 B/C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 2013 C Bond for any period during which the 2013 C Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities refinanced with the proceeds of the 2013 C Bonds or a "related person," (ii) interest on the 2013 B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations, and (iii) interest on the 2013 C Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the 2013 B/C Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2013 B/C Bonds. Failure to comply with these requirements may result in interest on the 2013 B/C Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2013 B/C Bonds. The EDC and RIAC have covenanted to comply with such requirements to ensure that interest on the 2013 B/C Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the 2013 B/C Bonds and any profit on the sale of the 2013 B/C Bonds are exempt from taxation by the State or any political subdivision or other instrumentality of the State. Bond Counsel expresses no opinion regarding any other Rhode Island tax consequences arising with respect to the 2013 B/C Bonds. Prospective Bondholders should be aware, however, that the 2013 B/C Bonds may be included in the measure of Rhode Island estate taxes, and the 2013 B/C Bonds and the interest thereon may be included in the measure of certain Rhode Island corporate and business taxes. Bond Counsel has not opined as to the taxability of the 2013 B/C Bonds or the income thereon under the laws of any state other than Rhode Island. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

*Original Issue Discount.* To the extent the issue price of any maturity of the 2013 B/C Bonds is less than the amount to be paid at maturity of such 2013 B/C Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2013 B/C Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the 2013 B/C Bonds which is excluded from gross income for federal income tax purposes and is exempt from Rhode Island personal income taxes. In general, the issue price of a particular maturity of the 2013 B/C Bonds is expected to be the initial offering price for such maturity as set forth on the cover page of the Official Statement. The original issue discount with respect to any maturity of the 2013 B/C Bonds that has accrued and is properly allocable to such holders under

Section 1288 of the Code is excludible from gross income for federal income tax purposes to the same extent as interest on the 2013 B/C Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of 2013 B/C Bonds with original issue discount.

*Bond Premium.* 2013 B/C Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such 2013 B/C Bonds, or, in some cases, at the earlier redemption date of such 2013 B/C Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Rhode Island personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondholders should be aware that certain requirements and procedures contained or referred to in the Indenture, Loan Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2013 B/C Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2013 B/C Bonds may adversely affect the value of, or the tax status of interest on, the 2013 B/C Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the 2013 B/C Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the 2013 B/C Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the 2013 B/C Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the 2013 B/C Bonds is excluded from gross income for federal income tax purposes and income on the 2013 B/C Bonds, including any profit made on the sale thereof, is exempt from Rhode Island personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2013 B/C Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

#### **COVENANT BY THE STATE**

Under the Act, the State pledges and agrees with the owners of the 2013 B/C Bonds that the State will not limit or alter the rights vested in EDC until such Bonds, together with the interest thereon, are fully met and discharged; provided that nothing in the Act shall preclude limitation or alteration of such rights if and when adequate provisions shall be made by law for the protecting of the owners of such Bonds.

#### **CONTINUING DISCLOSURE**

The Underwriter has determined that no financial or operating data concerning EDC is material to any decision to purchase, hold or sell the 2013 B/C Bonds and EDC will not provide any such information. RIAC has undertaken all responsibilities for any continuing disclosure to Bondowners or beneficial owners of the 2013 B/C Bonds as described below, and EDC shall have no liability to the Bondowners or beneficial owners of the 2013 B/C Bonds or any other person with respect to such disclosure.

On the date of delivery of the 2013 B/C Bonds, RIAC will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") for the benefit of the beneficial owners of the 2013 B/C Bonds to provide certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of the Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) (the "Rule") adopted by the SEC under the Securities Exchange Act, as amended (the "Exchange Act"). The MSRB has designed its electronic Municipal Market Access System, known as EMMA, as the system to be used for continuing disclosures to investors. The specific nature of the information to be made available and to be contained in the notices of material events is summarized in "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto. These covenants have been made to assist the Underwriter in complying with the Rule.

RIAC has determined that it is the only "Obligated Person" that is required to provide information for continuing disclosure purposes under the Rule. Consequently, no undertaking is being made by RIAC or any other party with respect to providing continuing disclosure as to any individual airline.

A failure by RIAC to comply with the provisions of the Continuing Disclosure Agreement will not constitute an Event of Default under the Agreement. Nevertheless, such a failure to comply must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2013 B/C Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2013 B/C Bonds.

During the last five years, RIAC has never failed to comply in all material respects with any continuing disclosure undertakings with regard to Rule 15c2-12 to provide annual financial information and operating data relating to RIAC and, in a timely manner, notice of certain enumerated events. The RIAC makes no representations as to whether any Nationally Recognized Municipal Securities Information depository (each a "NRMSIR") or the EMMA System properly posted or maintained such information or whether any NRMSIR or the EMMA System associated such information with the correct CUSIP numbers with respect to any applicable Bonds.

#### RATINGS

Moody's Investors Service, Inc. ("Moody's") is expected to assign a rating of "[ ]" to the 2013 B/C Bonds based upon RIAC's unenhanced creditworthiness. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") is expected to assign the 2013 B/C Bonds a rating of "[ ]" based upon RIAC's unenhanced creditworthiness. Fitch Ratings ("Fitch") is expected to assign the 2013 B/C Bonds a rating of "[ ]" based upon RIAC's unenhanced creditworthiness. An explanation concerning the significance of the rating given by each rating agency may be obtained from such rating agency. Certain information and materials not included in this Official Statement were furnished to the rating agencies. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. Such credit ratings reflect only the views of such rating agencies, and an explanation of the respective significance of such ratings may be obtained from the rating agencies. There is no assurance that such credit ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any or all of such rating agencies, if in their respective judgments circumstances so warrant. A revision or withdrawal of any such credit rating may have an adverse effect on the market price of the 2013 B/C Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

#### UNDERWRITING

Citigroup Global Capital Markets, Inc., as representative of the Underwriter, has agreed, subject to certain conditions, to purchase the 2013 B/C Bonds from EDC at a purchase price equal to \$[ ] (which represents the \$[ ] principal amount of the 2013 B/C Bonds, plus net original issue premium of \$[ ] and less an Underwriter's discount of \$[ ] and to make a bona fide public offering of the 2013 B/C Bonds at not in excess of such public offering prices. The Underwriter will be obligated to purchase all of the 2013 B/C Bonds if any of the 2013 B/C Bonds are purchased, the obligation to make such purchase being subject to certain terms and conditions contained in a purchase contract and the approval of certain legal matters by counsel. The 2013 B/C Bonds may be offered and sold to certain dealers (including the Underwriter and other dealers depositing such 2013 B/C Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time, by the Underwriter.



Citigroup Global Markets Inc. ("CGMI") has entered into an agreement (the "Distribution Agreement") with TMC Bonds L.L.C. ("TMC") for the distribution to retail investors of certain municipal securities offerings. In connection with the Distribution Agreement, TMC has established an electronic primary offering application through which certain broker-dealers and municipal securities dealers approved by CGMI and TMC (each an "Approved Party") can submit orders for, and receive allocations of, new issue municipal securities for retail investors, and CGMI may share with TMC a portion of its underwriting compensation, which TMC may share with each Approved Party, with respect to Bonds that are allocated to such retail orders. Any such sharing will not affect the aggregate underwriting compensation set forth above or CGMI's share of such compensation. Citigroup Financial Products Inc., CGMI's parent company, owns a 31.35% equity interest in TheDebtCenter L.L.C., the parent company of TMC.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for EDC for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of EDC.

#### **FINANCIAL ADVISOR**

RIAC has retained Public Financial Management, Inc. (the "RIAC Financial Advisor") to serve as its financial advisor in connection with the issuance of the 2013 B/C Bonds. The RIAC Financial Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. RIAC may engage the RIAC Financial Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of 2013 Bond proceeds.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

[ ], an independent Certified Public Accountant (the "Verification Agent"), will deliver to EDC and RIAC, on or before the settlement date of the 2013 B/C Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, (i) the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the investment securities held by the 1998 Series B and 2003 Series A Trustees to pay, when due, the maturing principal of, interest on and related call premium requirements of the 1998 Series B Bonds and 2003 Series A Bonds; and (ii) the mathematical computations of the yield on the Defeasance Obligations.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by EDC and RIAC and its representatives. The Verification Agent has restricted its procedures to recalculating the computations provided by the EDC, RIAC and their representatives and has not evaluated or examined the assumptions or information used in the computations.

#### **MISCELLANEOUS**

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement. The descriptions of the Indenture, the Loan Agreement, the State Lease Agreement and the Signatory Airline Agreements do not purport to be comprehensive or definitive, and prospective purchasers of the 2013 B/C Bonds are referred to the Indenture, the Loan Agreement, the State Lease Agreement and the Signatory Airline Agreements for the complete terms thereof. Copies of the Indenture, the Loan Agreement, the State Lease Agreement, and the Signatory Airline Agreements are available at the office of the Trustee and EDC. So

far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM EDC AND RIAC AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS A REPRESENTATION, AS TO INFORMATION FROM SOURCES OTHER THAN EDC OR RIAC, OF EDC OR RIAC.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The agreements of EDC with holders of the 2013 B/C Bonds are fully set forth in the Indenture. Neither any advertisement of the 2013 B/C Bonds nor this Official Statement is to be construed as a contract with purchasers of the 2013 B/C Bonds.

#### **AUTHORIZATION OF OFFICIAL STATEMENT**

RIAC and EDC have reviewed the portions of this Official Statement describing it, "INTRODUCTION," "PLAN OF REFUNDING," "ESTIMATED SOURCES AND USES OF FUNDS," "ANNUAL DEBT SERVICE REQUIREMENTS," "SECURITY AND SOURCE OF PAYMENT FOR THE 203 B/C BONDS," "FLOW OF FUNDS," "THE RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION," "THE RHODE ISLAND AIRPORT CORPORATION," "THE AIRPORT," "AIRLINES SERVING THE AIRPORT," "AIRPORT SYSTEM FINANCIAL OPERATIONS," "THE GENERAL AVIATION AIRPORTS," "FUTURE CAPITAL IMPROVEMENTS," "PASSENGER FACILITY CHARGES," "CONTINUING DISCLOSURE," "LITIGATION," "COLLECTIVE BARGAINING PROCEEDINGS," "PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS" and the portions of "INVESTMENT CONSIDERATIONS" relating to RIAC and EDC and APPENDIX A. At the closing, RIAC and EDC will certify that such portions of this Official Statement and APPENDIX A do not contain an untrue statement of a material fact or omit a statement of material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

The distribution of this Official Statement and its execution have been duly authorized by the board of directors of RIAC and EDC.

#### **RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION**

By: \_\_\_\_\_  
Marcel A. Valois  
Executive Director

#### **RHODE ISLAND AIRPORT CORPORATION**

By: \_\_\_\_\_  
Kelly J. Fredericks  
President and Chief Executive Officer

**RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
ECONOMIC IMPACT ANALYSIS OF  
Proposed Economic Development Revenue Bonds  
Refinancing Rhode Island Airport Corporation (RIAC)  
Bonds 1998B and 2003A**

**September 18, 2013**

As required by 42-64-10(a)(2) of the Rhode Island General Laws, the Rhode Island Economic Development Corporation ("EDC") has prepared the following economic impact analysis of the proposed bonds to refinance Rhode Island Airport Corporation (RIAC) Series 1998B and 2003A bonds. There are no net new expenditures or jobs associated with this project as RIAC is refinancing older bonds to achieve cost savings.

**Preamble**

In 1998 (new issuance) and 2003 (refinancing issuance) the Rhode Island Economic Development Corporation issued bonds for airport related projects. These original projects enhanced Rhode Island's transportation infrastructure providing general benefit to the economic development of the state and creating temporary project-related employment.

**Proposed Bond Issue**

The EDC is requesting approximately \$18,315,000 in taxable and tax-exempt bond financing to refinance bonds thereby creating an estimated present value savings of \$551,016. Actual savings and size of the bond financing will depend on future market conditions. As this issue of bonds will be used to refinance historic bonds rather than new capital expenditures, there are no new direct jobs associated with the project. However, we find that refinancing has a positive financial impact by lowering the bond financing costs over the term of the bonds. The retained savings will be available for other airport related projects.

**Sources and Assumptions**

The financials included in this statement are based on the 2013 EDC application completed by the Rhode Island Airport Corporation and the updated RIAC Refinancing Summary, dated September 9, 2013, prepared by Citi. Citi stated the following assumptions.

- For illustration purposes only; actual results will depend on future market conditions and may differ.
- Uninsured fixed rates as of 8/22/2013; 10-year par call. Structured to achieve level annual savings. Yields assume 25bps increase to market rates.
- Savings are estimates and are discounted to delivery date (11/6/2013) at the individual All-In True Interest Cost of the refunding bonds.
- Assumes cost of issuance of 1.20% of the refunding par amount.
- Assumes escrow is cash funded and subject to a 30-day escrow period.
- Excludes potential Debt Service Reserve Fund release and earnings.

# RIAC Refinancing Summary: 25 bps Yield Increase

## Combined Refunding Statistics

Combined Refunding Statistics:	Series 1998B Series 2003A		
	(Non-AMT)*	(AMT)*	Combined*
Arbitrage Yield	4.225%	1.938%	4.085%
AI-In True Interest Cost	4.405%	2.875%	4.311%
Bond Par Amount	\$ 13,575,000	\$ 4,740,000	\$ 18,315,000
Average Life (yrs)	7.750	1.291	6.079
Par amount of refunded bonds	\$ 14,085,000	\$ 6,020,000	\$ 20,105,000
Average coupon of refunded bonds	5.000%	4.181%	4.951%
Average life of refunded bonds (yrs)	7.750	1.163	5.778
Present Value Savings	\$ 482,940	\$ 68,076	\$ 551,016
Percentage savings of refunded bonds	3.429%	1.131%	2.741%
Percentage savings of refunding bonds	3.558%	1.436%	3.009%
Negative Arbitrage	\$ 50,049	\$ 9,840	\$ 59,889

\* Present value savings utilizes the individual AI-In True Interest Cost for each refunding component.

## Series 1998B (Non-AMT) Savings by Maturity Analysis

Savings by Maturity					
Maturity	Existing Coupon	Refunded Par	New Yield	PV Savings (\$)	PV Savings (%)
7/1/2019	5.00%	\$ 2,550,000	3.52%	\$ 147,295	5.78%
7/1/2020	5.00%	2,675,000	3.90%	125,733	4.70%
7/1/2021	5.00%	2,810,000	4.21%	98,095	3.49%
7/1/2022	5.00%	2,950,000	4.45%	69,638	2.36%
7/1/2023	5.00%	3,100,000	4.63%	42,180	1.36%
7/1/2024	5.00%	3,255,000	4.86%	(18,432)	-0.57%
7/1/2025	5.00%	3,415,000	5.04%	(67,116)	-1.97%
7/1/2026	5.00%	3,585,000	5.21%	(127,152)	-3.55%
7/1/2027	5.00%	3,765,000	5.38%	(197,302)	-5.24%
7/1/2028	5.00%	3,955,000	5.50%	(259,565)	-6.56%
Not included in refunding					

## Series 2003A (AMT) Savings by Maturity Analysis

Savings by Maturity					
Maturity	Existing Coupon	Refunded Par	New Yield	PV Savings (\$)	PV Savings (%)
7/1/2014	4.00%	\$ 2,950,000	1.53%	\$ 7,039	0.24%
7/1/2015	4.25%	3,070,000	2.03%	61,037	1.99%

## Assumptions

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- For illustration purposes only; actual results will depend on future market conditions and may differ.
- Uninsured fixed rates as of 8/22/2013; 10-year par call. Structured to achieve level annual savings. Yields assume 25bps increase to market rates.
- Savings are estimates and are discounted to delivery date (11/6/2013) at the individual All-In True Interest Cost of the refunding bonds.
- Assumes cost of issuance of 1.20% of the refunding par amount.
- Assumes escrow is cash funded and subject to a 30-day escrow period.
- Excludes potential Debt Service Reserve Fund release and earnings.

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Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This presentation is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital nor does it obligate us to enter into such a commitment, nor are we acting as a fiduciary to you. By accepting this presentation, subject to applicable law or regulation, you agree to keep confidential the information contained herein and the existence of and proposed terms for any Transaction.

Prior to entering into any Transaction, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of any such Transaction. In this regard, by accepting this presentation, you acknowledge that (a) we are not in the business of providing (and you are not relying on us for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any Transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any Transaction) and our disclaimer as to these matters. By acceptance of these materials, you and we hereby agree that from the commencement of discussions with respect to any Transaction, and notwithstanding any other provision in this presentation, we hereby confirm that no participant in any Transaction shall be limited from disclosing the U.S. tax treatment or U.S. tax structure of such Transaction.

We are required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with us. We will ask for your complete name, street address, and taxpayer ID number. We may also request corporate formation documents, or other forms of identification, to verify information provided.

Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration, are subject to change at any time without notice and are not intended as a solicitation with respect to the purchase or sale of any instrument. The information contained in this presentation may include results of analyses from a quantitative model which represent potential future events that may or may not be realized, and is not a complete analysis of every material fact representing any product. Any estimates included herein constitute our judgment as of the date hereof and are subject to change without any notice. We and/or our affiliates may make a market in these instruments for our customers and for our own account. Accordingly, we may have a position in any such instrument at any time.

Although this material may contain publicly available information about Citi corporate bond research, fixed income strategy or economic and market analysis, Citi policy (i) prohibits employees from offering, directly or indirectly, a favorable or negative research opinion or offering to change an opinion as consideration or inducement for the receipt of business or for compensation; and (ii) prohibits analysts from being compensated for specific recommendations or views contained in research reports. So as to reduce the potential for conflicts of interest, as well as to reduce any appearance of conflicts of interest, Citi has enacted policies and procedures designed to limit communications between its investment banking and research personnel to specifically prescribed circumstances.

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Citi believes that sustainability is good business practice. We work closely with our clients, peer financial institutions, NGOs and other partners to finance solutions to climate change, develop industry standards, reduce our own environmental footprint, and engage with stakeholders to advance shared learning and solutions. Highlights of Citi's unique role in promoting sustainability include: (a) releasing in 2007 a Climate Change Position Statement, the first US financial institution to do so; (b) targeting \$50 billion over 10 years to address global climate change; includes significant increases in investment and financing of renewable energy, clean technology, and other carbon-emission reduction activities; (c) committing to an absolute reduction in GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (d) purchasing more than 234,000 MWh of carbon neutral power for our operations over the last three years; (e) establishing in 2008 the Carbon Principles; a framework for banks and their U.S. power clients to evaluate and address carbon risks in the financing of electric power projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

**efficiency, renewable energy and mitigation**



## **SECTION II**

**DRAFT**

**RHODE ISLAND AIRPORT CORPORATION  
(A Component Unit of the State of Rhode  
Island)**

**FINANCIAL REPORT  
June 30, 2013**



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**Independent Auditor's Report**

**DRAFT**

**Management's Discussion and Analysis**

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## INTRODUCTION

The following Management's Discussion & Analysis (MD&A) of the Rhode Island Airport Corporation (RIAC) serves as an introduction and overview to the reader of the audited financial statements for the fiscal years ended June 30, 2013 and June 30, 2012. The information contained in the MD&A should be considered in conjunction with the audited financial statements.

RIAC engages in business type activities, that is, activities that are financed in whole or in part by charges to external entities for goods or services rendered. As a result, RIAC's basic financial statements include the statements of net position, statements of revenues, expenses and change in net position, statements of cash flows and notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of RIAC's finances in a manner similar to that in the private sector.

## RHODE ISLAND AIRPORT CORPORATION

RIAC was created by the Rhode Island Economic Development Corporation (EDC) on December 9, 1992 as a public corporation, governmental agency and public instrumentality, having a distinct legal existence from the State of Rhode Island (State) and EDC, having many of the same powers and purposes as EDC. RIAC is a component unit of the State of Rhode Island. RIAC is empowered, pursuant to its Articles of Incorporation and Rhode Island law, to undertake the planning, development, management, acquisition, ownership, operation, repair, construction, reconstruction, rehabilitation, renovation, improvement, maintenance, development, sale, lease, or other disposition of any "airport facility", as defined in Title 42, Chapter 64 of the Rhode Island General Laws, as amended (the "Act"). "Airport facility" is defined in the Act in part as "developments consisting of runways, hangars, control towers, ramps, wharves, bulkheads, buildings, structures, parking areas, improvements, facilities, or other real or personal property, necessary, convenient, or desirable for the landing, takeoff, accommodation, and servicing of aircraft of all types, operated by carriers engaged in the transportation of passengers or cargo, or for the loading, unloading, interchange, or transfer of the passengers or their baggage, or the cargo, or otherwise for the accommodation, use or convenience of the passengers or the carriers or their employees (including related facilities and accommodations at sites removed from landing fields or other areas), or for the landing, taking off, accommodation, and servicing of aircraft owned or operated by persons other than carriers".

Pursuant to the State Lease Agreement, RIAC leases T.F. Green Airport (Airport) and the five general aviation airports (collectively, Airports) from the State for a term ending June 30, 2038 at a rental of \$1.00 per year. RIAC has also acquired all of the personal property and other assets of the State located at or relating to the Airports. In consideration of RIAC's assumption of the Rhode Island Department of Transportation's (RIDOT) responsibilities with respect to the Airports, the State and RIDOT have assigned to RIAC all of their rights to the revenues of the Airports, the proceeds of State General Obligation (G.O.) Bonds related to the Airports, Federal Aviation Administration (FAA) grant agreements, a Federal Highway Administration grant, insurance proceeds, all contracts including concession agreements and the prior airline agreements, and all licenses and permits.

RIAC operates on a fiscal year basis beginning on July 1<sup>st</sup> and continuing through the following June 30<sup>th</sup> of each year. RIAC was created to operate as a self-sustaining entity and receives no funds from the State's General Fund for the operation and maintenance of any of the Airports under its jurisdiction. RIAC has utilized State G.O. Bonds issued on behalf of RIAC for the intended use at the Airports. Per the Lease Agreement, RIAC is obligated to repay to the State the principal and interest on any G.O. Bonds issued for airport purposes.

RIAC does not have the authority to issue bonds or notes or borrow money without the approval of EDC. In addition, RIAC does not have the power of eminent domain with respect to real property. RIAC does have certain contractual rights under the Lease Agreement to require the State to exercise powers of eminent domain for the benefit of RIAC.

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The Board of Directors of RIAC, consisting of seven members, annually approves an operating and maintenance budget, as well as a capital budget for the fiscal year. The Board of Directors relies upon the advice and recommendation of RIAC's Finance & Audit Committee, which consists of three members of the full Board of Directors.

## **T.F. GREEN AIRPORT**

RIAC operates T. F. Green Airport, which is Rhode Island's only certified Part 139 commercial airport. The Airport is primarily an origin – destination airport. In recent years, approximately 96% of the passengers at the Airport either began or ended their journeys at the Airport.

The terminal complex including access roads and related improvements was completed in September 1996 and replaced the prior terminal which was demolished. The terminal building is named the Bruce Sundlun Terminal at T.F. Green Airport (Terminal). The Terminal at the time of its opening was a two level facility of approximately 302,000 square feet including fifteen jet gates. There was also one commuter aircraft parking position. In 1998, the Terminal was expanded to add four new jet gates and one new commuter aircraft parking position. As a result of the expansion, the Terminal space increased to approximately 350,000 square feet with a capacity of nineteen jet gates and two commuter gates for a total of twenty-one gates.

The Terminal has passenger concourses that extend to the north and south of the central terminal area. Facilities for departing passengers are located on the second level where ticket counters, baggage checks, departure lounges and concessions such as restaurants and news/gift stands are located. On the second level, passengers pass through the central terminal area and then through the security checkpoint. From there, departing passengers take the concourse to the appropriate hold room and gate.

A major terminal improvement project at the Airport was completed in 2008 to minimize congestion, ease circulation, improve security procedures, and enhance concessions. The expansion and improvement project increased the Terminal to approximately 402,000 square feet. As of June 30, 2013, airlines serving the Airport lease approximately 82,000 square feet of exclusive and preferential use area and approximately 61,000 square feet of common use area.

A total of approximately 9,740 public parking spaces are available on Airport property and/or leased space. They are divided as follows: a short term lot in front of the Terminal (Lot D) with approximately 420 spaces; a parking garage with approximately 1,500 spaces (Garage A); a garage with 720 spaces (Garage B); a leased garage with approximately 1,540 spaces (Garage C); and an express lot with approximately 4,360 spaces with an additional overflow capacity of 1,200 spaces that can be put into service, if needed (Lot E). Garage A, Garage B, Garage C, Lot D and Lot E (RIAC controlled parking facilities) are operated pursuant to a parking management agreement with Standard Parking Corporation.

RIAC leased Garage C from New England Parking, LLC in December 2007 for a ten year term through November 30, 2017. Per the terms of the lease agreement RIAC is responsible for all Garage C operations and maintenance costs and for the collection of all revenues from Garage C.

Public vehicular access is provided by a roadway system that directs vehicular traffic from Post Road and Interstate Route 95 to the Terminal curbs. These roads connect to a dual-level curb system accommodating arriving and departing passengers. When approaching the Terminal, the roadway divides into an upper level for departing passengers and a lower level for arriving passengers. The upper level includes a curb to provide an unloading area for private vehicles, taxis, limousines, and rental car company and hotel shuttles. The lower level roadway includes a curb designated as loading zones for private vehicles and various commercial vehicles such as buses, courtesy vans, taxis and limousines.

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The present airfield configuration consists of two intersecting runways, Runway 5/23 and Runway 16/34. Other facilities at the Airport include: fuel storage areas, facilities for fixed base operators, certain rental car service facilities, air freight and air cargo facilities, various hangars and other aviation-related facilities.

## Air Carriers Serving the Airport

As of June 2013, and based upon classifications defined by the U.S. Department of Transportation, the Airport has scheduled passenger service provided by seventeen major/national and two regional airlines. Two airlines provide all-cargo service.

### AIRLINES SERVING THE AIRPORT

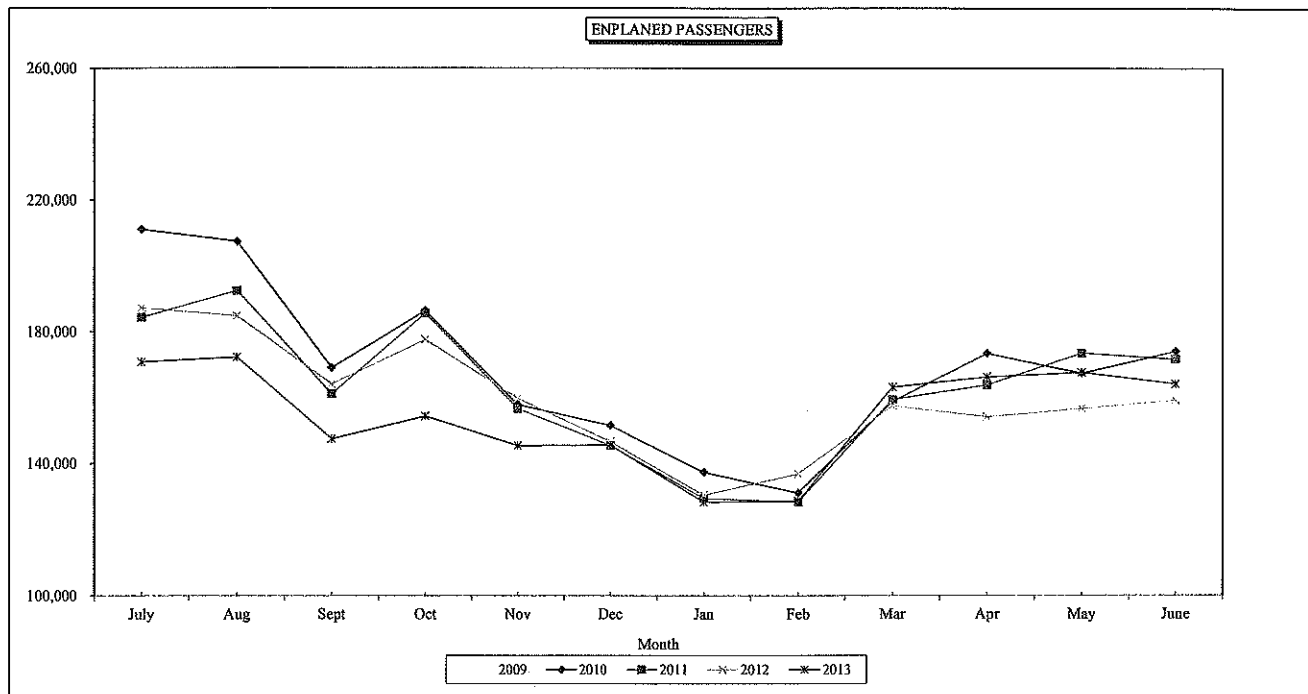
Majors (7)	Doing Business As:
Delta Air Lines	
Express Jet	Delta Connection and United Express
JetBlue Airways	
SkyWest	Delta Connection
Southwest Airlines	
United Airlines	
US Airways	
Nationals (10)	
Air Wisconsin	US Airways Express
Chautauqua	United Express
Comair	Delta Connection
Commutair	United Express
Compass	Delta Connection
Mesa Airlines	United Express and US Airways Express
Pinnacle	
PSA	US Airways Express
Republic Airlines	United Express and US Airways Express
Shuttle America	Delta Connection and United Express
Regionals (2)	
Cape Air <sup>1</sup>	
Piedmont Airlines	US Airways Express
All Cargo Carriers (2)	
Federal Express	
United Parcel Service	

<sup>1</sup> Cape Air offers seasonal service to Martha's Vineyard, Nantucket, and Hyannis

## Historical Enplanement Data

T.F. Green Airport was ranked as the 63<sup>rd</sup> busiest airport in the country for calendar year 2011 according to the latest published data produced by the FAA. This compares with rankings of 63<sup>rd</sup> busiest in calendar year 2010 and 62<sup>nd</sup> busiest in calendar years 2009, 2008, and 2007.

Actual enplaned passengers for fiscal year 2013 were 61,123 below 2012 resulting in a decrease of 3.2%. The decline in enplanements at the Airport is attributable to the continued impact of the economic downturn. The following chart and table depict the historical trend of enplaned passenger traffic at T. F. Green Airport for the fiscal years 2009 through 2013.



Fiscal Year	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
2009	213,521	221,326	187,006	209,650	173,168	172,106	157,477	157,573	189,817	197,807	191,596	190,653	2,261,700
2010	211,083	207,465	169,032	186,350	157,792	151,501	137,372	131,135	158,778	173,325	167,298	174,013	2,025,144
2011	184,400	192,516	161,065	185,570	156,605	145,430	129,441	128,318	159,394	163,786	173,426	171,629	1,951,580
2012	187,246	184,841	164,003	177,584	159,746	146,565	130,457	136,917	157,438	154,185	156,691	159,155	1,914,828
2013	170,796	172,279	147,423	154,347	145,382	145,532	128,330	128,570	163,092	166,199	167,634	164,121	1,853,705

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## Airport Use and Lease Agreements

RIAC established Signatory Airline Agreements with Delta Airlines, Federal Express Corporation (FedEx), JetBlue Airways, Southwest Airlines, United Airlines, United Parcel Service Co. (UPS), and US Airways. Affiliates of Signatory Airlines operate under the terms and conditions of the Signatory Airline Agreements. Air Georgian and Cape Air executed Non-Signatory Agreements. Air Georgian ceased operations at the Airport in February 2013.

The term of the Signatory Airline Agreement extends through June 30, 2015, which may be extended for a five year renewal period by mutual written agreement. A Cost Center Residual Rate Methodology is utilized to establish the Landing Fee and Apron Rental Rates. The Terminal Rental Rate Methodology is Commercial Compensatory. A Majority-in-Interest approval is not required for Capital Improvement Projects. The Signatory Agreement incorporates an Airline Net Revenue Sharing methodology for Signatory Passenger Airlines. Distribution of each Signatory Passenger Airline's portion of the revenue-sharing is based on enplanements. Under this process, RIAC retains the first \$1 million and the Signatory Passenger Airlines share the next \$600,000. If there are remaining funds after the \$1.6 million, the Signatory Airlines share 40% and RIAC retains 60%. Non-Signatory Airlines' landing fees, apron fees and terminal rental rates are 125% of the Signatory Airlines' rates.

## **GENERAL AVIATION AIRPORTS**

There are five General Aviation Airports operated by RIAC, each of which is managed pursuant to a Management Contract by and between RIAC and AFCO AvPORTS Management LLC (AvPORTS). Each of these airports is briefly described below:

### North Central Airport

Located approximately fifteen miles north of the Airport, North Central Airport is classified as a reliever airport by the FAA and is located in Smithfield.

### Quonset Airport

This airport is located in North Kingstown, approximately ten miles south of the Airport. The Rhode Island Air National Guard moved its operations from the Airport to Quonset Airport in 1986. The Rhode Island Army National Guard also maintains a presence at Quonset Airport. Quonset Airport has additional industrial facilities which are leased to several companies by the Quonset Development Corporation (QDC), a subsidiary of the EDC. Quonset Airport is classified by the FAA as a reliever airport.

### Westerly Airport

This airport is located in Westerly, approximately thirty-five miles southwest of the Airport. Westerly Airport is classified as a commercial service airport and enplanes approximately 10,000 commuter passengers annually.

### Newport Airport

This airport is located in Middletown, approximately seventeen miles southeast of the Airport. Newport Airport is classified as a general aviation airport.



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## Block Island Airport

Situated on Block Island just off the southern coast of Rhode Island, Block Island Airport is approximately twenty-five miles from the Airport. Block Island Airport is classified as a commercial service airport and enplanes approximately 10,000 commuter passengers annually.

## FINANCIAL STATEMENTS

RIAC's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). RIAC is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets, except land, are capitalized and depreciated over their useful lives. See the notes to the financial statements for a summary of RIAC's significant accounting policies.

The statement of net position presents information on all of RIAC's assets and liabilities with the difference between the assets and liabilities reported as net position. Over time, increases or decreases in RIAC's net position may serve as a useful indicator of whether the financial position of RIAC is improving or deteriorating. However, non-financial factors should also be considered when evaluating RIAC's financial position. The statement of revenues, expenses and change in net position presents information on how RIAC's net position changed during the year.

## SUMMARY OF OPERATIONS AND CHANGE IN NET POSITION

### SUMMARY OF OPERATIONS AND CHANGE IN NET POSITION

	2013	2012	2011
Operating Revenues	\$ 50,320,381	\$ 50,270,029	\$ 50,152,396
Operating Expenses	(48,618,072)	(48,107,201)	(48,127,052)
Operating Income	1,702,309	2,162,828	2,025,344
Non-Operating Revenues/(Expenses), net	(7,694,114)	(7,652,954)	(4,772,754)
Income/(Loss) before Capital Contributions	(5,991,805)	(5,490,126)	(2,747,410)
Capital Contributions, net	6,427,035	4,654,657	(5,768,578)
Change in Net position	\$ 435,230	\$ (835,469)	\$ (8,515,988)

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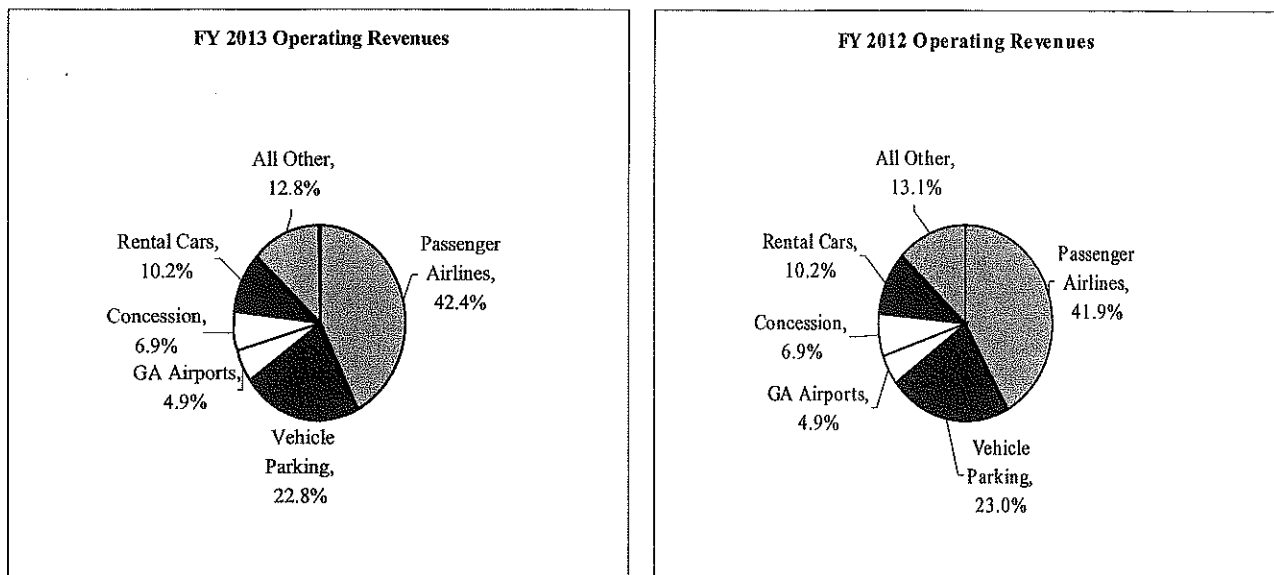
## FINANCIAL POSITION SUMMARY

	2013	2012	2011
<b>ASSETS</b>			
Current assets	\$ 90,179,288	\$ 93,543,299	\$ 77,345,780
Noncurrent assets	55,659,009	50,349,843	59,048,516
Capital assets, net	512,824,594	526,782,467	533,018,453
Total assets	658,662,891	670,675,609	669,412,749
<b>LIABILITIES</b>			
Current liabilities	30,869,506	32,863,910	34,486,971
Long term obligations	325,265,336	335,742,880	332,021,490
Total liabilities	356,158,842	368,606,790	366,508,461
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	195,430,475	201,865,575	214,790,463
Restricted	66,513,507	59,175,412	48,032,872
Unrestricted	40,560,067	41,027,832	40,080,953
<b>TOTAL NET POSITION</b>	<u>\$302,504,049</u>	<u>\$302,068,819</u>	<u>\$302,904,288</u>

## OPERATING REVENUES

The following chart shows the major sources and the percentage of total operating revenues for the fiscal years ended June 30, 2013, 2012 and 2011.

	2013	% of Total Revenues	2012	% of Total Revenues	2011	% of Total Revenues
<b>OPERATING REVENUES</b>						
Passenger Airlines	\$ 21,317,607	42.4%	\$ 21,063,108	41.9%	\$ 21,467,380	42.8%
Vehicle Parking	11,449,590	22.8%	11,542,017	23.0%	11,588,344	23.1%
Rental Cars	5,111,211	10.2%	5,128,359	10.2%	5,342,656	10.7%
Concession	3,450,387	6.9%	3,456,791	6.9%	3,436,313	6.9%
General Aviation Airports	2,485,396	4.9%	2,476,389	4.9%	2,128,317	4.2%
Tiedowns, Hangar & Miscellaneous	1,332,575	2.6%	1,327,577	2.6%	1,248,499	2.5%
Fuel Flowage Fees	1,028,787	2.0%	1,088,250	2.2%	1,069,788	2.1%
Non-Airline Rent	1,018,420	2.0%	1,063,063	2.1%	1,060,603	2.1%
Other Revenues	892,679	1.8%	894,251	1.8%	738,420	1.5%
Rental Revenues - Airport Support	837,693	1.7%	815,492	1.6%	719,170	1.4%
General Aviation & Cargo	756,768	1.5%	767,401	1.5%	728,291	1.5%
Off Airport Courtesy Fees	639,268	1.2%	647,331	1.3%	624,615	1.2%
<b>TOTAL OPERATING REVENUES</b>	<u>\$ 50,320,381</u>	<u>100.0%</u>	<u>\$ 50,270,029</u>	<u>100.0%</u>	<u>\$ 50,152,396</u>	<u>100.0%</u>



Revenues for fiscal year 2013 increased slightly by \$50 thousand from fiscal year 2012 revenues. Overall revenues for fiscal year 2012 increased slightly by \$118 thousand from fiscal year 2011 revenues.

Passenger Airline revenues for fiscal year 2013 increased by approximately \$255 thousand from fiscal year 2012. Passenger Airline revenues for fiscal year 2012 decreased by approximately \$404 thousand from fiscal year 2011. Passenger Airline revenues include landing fees, terminal rentals, and apron rentals, net of an airline net revenue share. Passenger Airline revenue divided by fiscal year enplanements results in the Airport's Cost Per Enplanement (CPE). The calculated CPE's for fiscal years 2013, 2012 and 2011 are \$11.50, \$11.00, and \$11.00, respectively.

Vehicle Parking revenues for fiscal year 2013 and 2012 decreased by approximately \$92 thousand and \$46 thousand respectively, as a result of declines in passenger traffic at the Airport offset by the results of programs to maximize the use of Airport parking facilities.

Rental Car revenues decreased by approximately \$17 thousand and \$214 thousand for fiscal years 2013 and 2012, respectively. These revenues include RIAC's share of rental car transactions and space rentals at the Airport. The decreases are a result of the trend in enplanements.

Concession revenues for fiscal year 2013 decreased approximately \$6 thousand from fiscal year 2012 amounts. Concession revenues for fiscal year 2012 increased approximately \$20 thousand over fiscal year 2011. Included in this category are revenues from food, retail, and advertising concessionaires at the Airport.

General Aviation Airports revenues increased by \$9 thousand and \$348 thousand in fiscal years 2013 and 2012 respectively, due to increased hangar rental and fuel revenues primarily at Quonset Airport and North Central Airport.

Other Revenues in fiscal year 2013 decreased slightly by \$2 thousand from fiscal year 2012. Other Revenues for fiscal year 2012 increased by \$156 thousand as compared to fiscal year 2011 due to the receipt of additional federal grants. Also, included in this line item are audit recoveries, bad debt expense and recoveries.

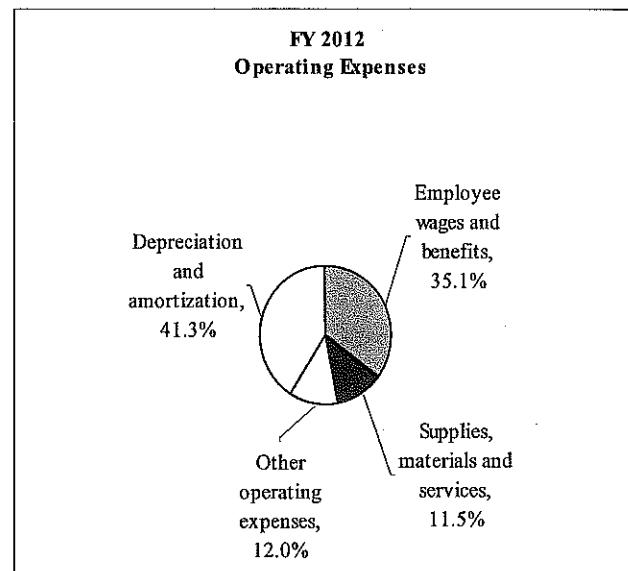
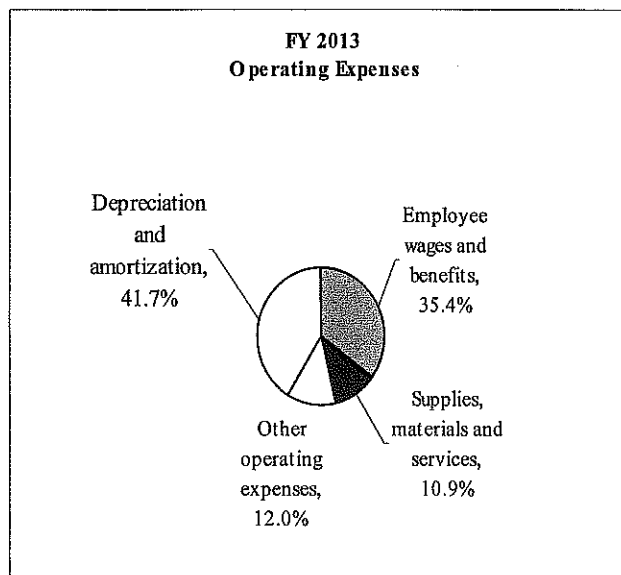
Rental Revenues – Airport Support Fund increased by \$22 thousand and \$96 thousand in fiscal years 2013 and 2012, respectively. These increases are a result of increased rental fees on certain revenue producing parcels located at Quonset State Airport.

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## OPERATING EXPENSES

The following chart illustrates major categories of operating expenses for the fiscal years ended June 30, 2013, 2012 and 2011:

	2013	% of Total Operating Expenses	2012	% of Total Operating Expenses	2011	% of Total Operating Expenses
<b>OPERATING EXPENSES</b>						
Employee wages and benefits	\$ 17,223,123	35.4%	\$ 16,907,287	35.1%	\$ 17,542,387	36.4%
Supplies, materials and services	5,289,322	10.9%	5,549,336	11.5%	5,616,227	11.7%
Other operating expenses	5,825,550	12.0%	5,777,888	12.0%	5,925,242	12.3%
Depreciation and amortization	20,280,077	41.7%	19,872,690	41.4%	19,043,196	39.6%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 48,618,072</b>	<b>100.0%</b>	<b>\$ 48,107,201</b>	<b>100.0%</b>	<b>\$ 48,127,052</b>	<b>100.0%</b>



Employee wages and benefits for fiscal year 2013 increased by \$316 thousand over prior year amounts primarily due to overtime for snow removal and the scheduled increase in employee wages. Fiscal year 2012 decreased \$635 thousand from prior year amounts due to the reduction in force during fiscal year 2011 and management's efforts to manage these costs in line with revenue streams.

Supplies, materials and services for fiscal year 2013 and 2012 decreased by \$260 thousand and \$40 thousand respectively from prior year amounts. The reduction in fiscal year 2013 is primarily due to reduced costs related to the outside services for the baggage handling system and management's efforts to manage costs in line with revenue streams. Included in this line item are contracted maintenance, outside services, professional fees and supplies.

Other operating expenses for fiscal years 2013 increased \$48 thousand over prior year amounts primarily as a result of increased fuel costs. Fiscal year 2012 decreased approximately \$147 thousand from prior year amounts as a result of utility savings and management's efforts to manage costs in line with revenue streams. Included in this line item are utilities, maintenance agreements, insurance and advertising.

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## INTERLINK OPERATIONS

Net Income for the InterLink is recorded as Nonoperating Revenue in RIAC's Statements of Revenues, Expenses and Changes in Net position. Facility Revenues for the InterLink include Customer Facility Charges (CFCs), Rental Car Rental Fees, and Net Commuter Parking Revenues. Operating Expenses include utilities, contracted maintenance, insurance and other costs associated with the InterLink. Depreciation related to the InterLink is reflected in this line item. Interest Expense includes the interest component of RIAC's debt service on the 2006 Series Special Facility Bonds and the US Department of Transportation's (USDOT's) Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. Interest Income on accounts associated with the InterLink is also included in this line item.

Additional information on the InterLink operations may be found in the notes to the financial statements.

## CUSTOMER FACILITY CHARGES

Since July of 2001, RIAC has been collecting CFCs per transaction day from the rental car companies that operate at, or near, the Airport and service customers who utilize the Airport in anticipation of the construction of a consolidated car rental facility to be located on, or near, Airport property. Effective July 1, 2011, the CFC rate was increased to \$5.50 from \$5.00 per eligible transaction day. The authority to collect Customer Facility Charges is pursuant to transportation ground rules promulgated by RIAC and Section 1-2-1.1 of the Rhode Island General Laws. During fiscal year 2013, CFC revenues including audit recoveries were \$5.721 million, as compared to \$5.978 million in fiscal year 2012 and \$5.052 million in fiscal year 2011.

## PASSENGER FACILITY CHARGES

Passenger Facility Charges (PFCs) are available to airports to finance specific eligible projects that (i) preserve or enhance capacity, safety or security of the national air transportation system, (ii) reduce noise resulting from an airport or (iii) furnish opportunities for enhanced competition among air carriers. Prior to fiscal year 2006, RIAC had received approval of its applications for authority to impose and use PFCs of \$3.00 per enplaned passenger to pay for eligible components of several projects including the new T.F. Green Terminal as well as the payment of a portion of the debt service on the 1993 Series A Bonds, the 1994 Series A Bonds and the 2000 Series A and B Bonds issued therefore. During fiscal years 2006 and 2007 RIAC's PFC applications one through four were amended to increase the PFC from \$3.00 to \$4.50 per enplaned passenger and adjust the total PFC Authority from \$147.5 million to \$135.9 million. In fiscal year 2007 RIAC received approval of an additional application for certain airport projects in the amount of \$31.826 million to be collected at \$4.50 per enplaned passenger, bringing the total PFC Authority to \$167.726 million. In fiscal year 2010 RIAC received approval of an additional application for certain airport projects in the amount of \$15.833 million to be collected at \$4.50 per enplaned passenger, bringing the total PFC Authority to \$183.559 million.

Fiscal year 2013 PFC revenues were \$7.628 million as compared to \$7.747 million in fiscal year 2012 and \$8.090 million in fiscal year 2011. As of June 30, 2013, \$142.390 million (including interest earned) of PFCs have been collected. The authority to collect PFCs expires upon the expiration date specified by the FAA or once collections reach a maximum amount approved by the FAA, whichever occurs first.

In fiscal year 2013, \$4.168 million of pledged PFCs were used for debt service payments on the 1994 Series A, 2003 Series (which refunded a portion of the 1993 Series), 2004 Series (which refunded the remaining 1993 Series and a portion of the 1994 Series), and 2005 Series C bonds (which refunded the 2000 Series B). In fiscal year 2012, \$4.169 million of pledged PFCs were used for debt service payments on the 1994 Series A, 2003 Series (which refunded a portion of the 1993 Series), 2004 Series (which refunded the remaining 1993 Series and a portion of the 1994 Series), and 2005 Series C bonds (which refunded the 2000 Series B). In fiscal year 2011, \$4.172 million of pledged PFCs were used for debt service payments on the 1994 Series A, 2003 Series (which

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refunded a portion of the 1993 Series), 2004 Series (which refunded the remaining 1993 Series and a portion of the 1994 Series), and 2005 Series C bonds (which refunded the 2000 Series B).

## CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Capital asset acquisitions and improvements exceeding \$2,500 are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal grants with matching RIAC funds.

In fiscal year 2013, RIAC capitalized \$712 thousand in land and easement acquisitions, \$5.267 million in leasehold improvements, \$3.065 million in machinery and equipment, and \$274 thousand in vehicle acquisitions. Additional amounts were added to construction in progress (CIP) to reflect ongoing construction activities during the fiscal year, resulting in an ending balance of \$8.050 million at June 30, 2013.

In fiscal year 2012, RIAC capitalized \$14.163 million in leasehold improvements and \$4.013 million in machinery and equipment. Additional amounts were added to construction in progress (CIP) to reflect ongoing construction activities during the fiscal year, resulting in an ending balance of \$6.185 million at June 30, 2012.

Additional information on capital assets may be found in the notes to the financial statements.

## SIGNIFICANT PROJECTS - AIRPORTS

### Voluntary Land Acquisition – T. F. Green Airport

In fiscal year 2013, approximately \$2.169 million was expended for relocation, demolition, and related program costs associated with six properties acquired in connection with the 2020 No-Build Voluntary Land Acquisition program. In fiscal year 2012, \$964 thousand was expended in connection with the acquisition of seventeen properties under this program.

Amounts related to the value of land at the time of these acquisitions is capitalized, but not depreciated in accordance with U.S. GAAP.

### Environmental Impact Statement (EIS) – T. F. Green Airport

In fiscal year 2013, approximately \$627 thousand was expended on the Environmental Impact Statement (EIS) as outlined in relevant FAA orders in accordance with the National Environmental Policy Act (NEPA) process. The amount expended in fiscal year 2012 totaled approximately \$798 thousand.

### Deicer Management System

In fiscal year 2013, approximately \$604 thousand was expended on the design for the Deicer Management System. This project consists of upgrades to the deicer runoff management system at T.F. Green Airport. The improvements include online monitoring and diversion of deicing stormwater to comply with the Rhode Island Pollutant Discharge Elimination System (RIPDES) permit issued by the Rhode Island Department of Environmental Management (RIDEM). The improvements prevent the discharge of deicing runoff to surface waters when the concentration exceeds the RIPDES permit limits. The amount expended in fiscal year 2012 totaled approximately \$1.770 million.

### Closed Circuit Television (CCTV) System Expansion – T.F. Green Airport

In fiscal year 2013, approximately \$29 thousand was expended on the Closed Circuit Television (CCTV) System Expansion. This project provides greater surveillance at T.F. Green Airport including surveillance of TSA areas to enhance security, aid in the speedy resolution of claims, and assist in resolution of law enforcement issues. This

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project is funded through a grant provided by the Transportation Security Administration (TSA). The amount expended in fiscal year 2012 totaled approximately \$2.405 million.

## Runway 16-34 Safety Area (RSA) Improvements

In fiscal year 2013, approximately \$725 thousand was expended on the Runway 16/34 Safety Area (RSA) Improvements. This project includes installation of Engineered Materials Arresting System (EMAS) in the RSAs at each runway end. It also includes reconfiguring the taxiway from the Runway 16 end to the North Apron to meet FAA requirements, replacement of Navigational Aids (NAVAIDs), raising of Runway 34 end, relocation of a portion of the runway 34 end Perimeter Road, and wetland mitigation improvements.

## Runway 5-23 Extension

In fiscal year 2013, approximately \$552 thousand was expended on the Runway 5-23 Extension. This project involves extending Runway 5 to the south by approximately 1,530 feet to a total length of 8,700 feet. Major components of this work include acquisition of land and residences within the new Runway Protection Zone (RPZ) and Main Avenue, installation of an EMAS on the southwest end (Runway 5 end), relocation of Winslow Park facilities, relocation of Main Avenue and the perimeter roadways, new navigational aids, airfield approach lighting, drainage improvements, utility relocations, site clearing, fencing, and electrical vault upgrades, and extension of parallel Taxiway M.

## **INTERLINK PROJECT**

The InterLink includes consolidated facilities for Airport rental car operations; a train platform to provide access for commuter rail service south to Wickford, Rhode Island and north to both Providence and Boston; and a parking garage for rental car operators and rail commuters. An elevated and enclosed skywalk system connects the InterLink to the Airport. The InterLink was completed with a Date of Operational Opening (DOO) in October 2010. Expenditures for this project were approximately \$783 thousand in fiscal year 2013, \$10.737 million in fiscal year 2012, \$25.966 million in fiscal year 2011 and \$81.215 million in fiscal year 2010.

The InterLink is funded from the following sources: 2006 First Lien Bonds, the TIFIA Bond, Federal Highway grants, State matching grants and CFCs.

## **LONG-TERM DEBT ADMINISTRATION - GENERAL**

Under the State Lease Agreement, RIAC has agreed to reimburse the State for G.O. Bond debt service accruing after July 1, 1993. In the event there are not sufficient moneys available to reimburse the State, such event shall not constitute an event of default. Instead, the unpaid portion shall accrue and be payable in the next succeeding fiscal year and shall remain a payment obligation of RIAC until paid in full. If the unpaid portion is not reimbursed by the end of the following year, such failure could constitute an event of default on the part of RIAC under the State Lease Agreement. RIAC is current in all of its payment obligations to the State. These bonds mature annually through 2023. The balance outstanding at June 30, 2013 and 2012 was \$3.575 million and \$5.225 million, respectively.

In 1994, RIAC issued \$30 million Series A General Airport Revenue Bonds dated May 19, 1994, maturing annually from 1998 through 2014 with interest coupons ranging from 5.25% to 7%. The balance outstanding as of June 30, 2013 and 2012 was \$2.305 and \$3.345 million respectively.

In 1998, RIAC issued \$8.035 million Series A and \$53.14 million Series B General Airport Revenue Bonds dated June 11, 1998, maturing annually from 2001 through 2028 with interest coupons ranging from 4.2% to 5.25%. The balance outstanding as of June 30, 2013 and 2012 was \$32.06 million for both years.

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In 2003, RIAC issued \$31.725 million Series A Airport Revenue Refunding Bonds dated October 2, 2003 to enable the defeasance of \$31.395 million of 1993 Series A General Airport Revenue Bonds. The refund issue matures annually through 2015 with interest coupons ranging from 3.5% to 5%. The balance outstanding as of June 30, 2013 and 2012 was \$8.855 million and \$11.57 million, respectively.

In 2004, RIAC issued \$52.665 million Series A Airport Revenue Refunding Bonds dated March 12, 2004 to enable the defeasance of \$31.915 million and \$20.19 million of 1993 Series A and 1994 Series A General Airport Revenue Bonds, respectively. The refund issue matures annually through 2024 with interest coupons from 2% to 5%. The balance outstanding as of June 30, 2013 and 2012 was \$48.81 million and \$48.90 million, respectively.

In 2005, RIAC issued \$43.545 million Series A and \$27.245 million Series B General Airport Revenue Bonds dated June 28, 2005 maturing annually from 2009 through 2030 with interest coupons ranging from 4.625% to 5%. Also on June 28, 2005, RIAC issued \$44.465 million Series C Airport Revenue Refunding Bonds to enable the defeasance of \$42.165 million of 2000 Series B General Airport Revenue Bonds. The refund issue matures annually through 2028 with interest coupons ranging from 3% to 5%. RIAC's defeasance of the 2000 Series B Bonds resulted in an economic present value gain of \$3.04 million or 7.2% of the refunded bonds. The outstanding balance for the 2005 Series as of June 30, 2013 and 2012 was \$105.99 million and \$109.89 million, respectively.

In 2008, RIAC issued \$17.645 million Series A and \$15.49 million Series B General Airport Revenue Bonds dated May 30, 2008 maturing annually through 2038 with interest coupons ranging from 3.5% to 5.25%. Also on May 30, 2008, RIAC issued \$18.03 million Series C Airport Revenue Refunding Bonds to enable the defeasance of \$18.06 million of 1998 Series B General Airport Revenue Bonds. The refund issue matures annually from 2010 through 2018 with interest coupons ranging from 4% to 5%. RIAC's defeasance of these 1998 Series B Bonds resulted in an economic present value gain of \$597 thousand or 3.3% of the refunded bonds. The outstanding balance for the 2008 Series as of June 30, 2013 and June 30, 2012 was \$44.365 million and \$46.825 million, respectively.

In 2013, RIAC secured funds for the Deicer Management System at T.F. Green Airport under the Rhode Island Clean Water Finance Agency's State Revolving Fund for the payment of eligible project costs up to \$33.5 million at an average effective interest rate of 2.44% (2013 Series A General Airport Revenue Bonds). This bond is issued pursuant to the Ninth Supplemental Indenture and secured by general airport revenues. Eligible project costs include construction funds, costs of issuance, and the debt service reserve fund. Interest payments will accrue as amounts are drawn down from this loan. The outstanding balance as of June 30, 2013 was \$2.582 million.

## **LONG TERM DEBT ADMINISTRATION – SPECIAL FACILITY**

In 2006, RIAC issued \$48.765 million Series 2006 First Lien Special Facility Bonds for the InterLink Project (2006 First Lien Bonds) dated June 14, 2006 maturing annually from 2011 through 2036 with interest coupons ranging from 4% to 5%. The balance outstanding for the 2006 First Lien Bonds was \$47.57 million and \$48.195 million as of June 30, 2013 and 2012, respectively. The principal amount of redemption premium, if any, and interest on the 2006 First Lien Bonds is payable from and secured by a pledge of the respective interests of EDC and RIAC in the Trust Estate created under the Indenture.

The Trust Estate consists of: (i) Facility Revenues (which include CFCs); (ii) moneys, including investment earnings, in funds and accounts pledged under the Indenture; (iii) certain insurance proceeds required to be deposited in such funds and accounts under the Indenture; and (iv) EDC's right, title and interest to receive loan payments from RIAC under the EDC Loan Agreement.

As part of the financing for the InterLink Project, RIAC and the EDC secured additional funds under the USDOT's TIFIA for the payment of eligible project costs of the InterLink up to \$42 million at an interest rate of



# DRAFT

5.26%. This TIFIA Bond is issued pursuant to the First Supplemental Indenture as a Second Lien Obligation payable from and secured by a pledge of and secondary interest in the Trust Estate under the Indenture, subject to the pledge of the Trust Estate for the security and payment of the 2006 First Lien Bonds. The 2006 TIFIA Bond is also secured by the Second Lien Debt Service Reserve Fund that was funded from CFCs on the DOO in an amount of \$3,328,407. The outstanding balance as of June 30, 2013 and June 30, 2012 was \$40.059 million.

## CREDIT RATINGS AND BOND INSURANCE

Since the inception of RIAC in 1992, there have been six General Airport Revenue Bonds (excluding the 2013 Series A Bonds) issued by the EDC, to finance construction and other related costs for certain capital improvements and four Airport Revenue Refunding Bonds to defease all of the 1993 debt, a portion of the 1994 debt, a portion of the 1998 debt, and all of the 2000 Series B debt. The General Airport Revenue Bonds outstanding at June 30, 2013 include the 1994 Series A Bonds (\$30 million issued and insured by FSA, (now AGM), with \$2.305 million outstanding), 1998 Series A&B Bonds (\$61.175 million insured by FSA, (now AGM), with \$32.06 million outstanding), 2005 Series A&B Bonds (\$70.79 million issued and insured by MBIA Insurance Company (MBIA) (now National Public Finance Guaranty (NPF)), with \$64.495 million outstanding), and the 2008 Series A&B Bonds (\$33.135 million issued and insured by Assured Guaranty Corp. (AGC), with \$31.625 million outstanding).

The Airport Revenue Refunding Bonds include the 2003 Series A Bonds (\$31.725 million issued and insured by FGIC, currently reinsured by NPF and AGC, with \$8.885 million outstanding), the 2004 Series A Bonds (\$52.665 million issued and insured by FSA (now AGM), with \$48.81 million outstanding), the 2005 Series C Bonds (\$44.465 million issued and insured by MBIA (now NPF), with \$41.495 million outstanding), and the 2008 Series C Bonds (\$18.03 million issued and insured by AGC, with \$12.740 million outstanding).

As of June 30, 2013, EDC/RIAC's General Airport Revenue Bonds (excluding the 2013 Series A Bonds) and the Airport Revenue Refunding Bonds are rated by three firms, Fitch Investor Services (Fitch), Moody's Investor Services (Moody's) and Standard & Poor's (S&P) as BBB+ with a stable outlook, A3 with a negative outlook and BBB+ with a negative outlook, respectively.

In connection with the sale of RIAC's Series 2006 First Lien Bonds for the InterLink Project, insurance was purchased by RIAC to guarantee the payment of principal and interest when due from CIFG, Assurance North America, Inc. The policy is currently reinsured by AGC. The bonds are currently rated by Moody's and S&P as Baa1 with a negative outlook and BBB+ with a stable outlook, respectively.

## CURRENT OPERATIONS AND FINANCIAL SITUATION

The Airport continues its recent trend of monthly increased enplanements in July 2013, resulting in five consecutive months of increased enplanements. The Airport's 96% Origin and Destination (O&D) market coupled with the strength of its catchment area continue to make it attractive for air carriers. The fare structure at the Airport and the cost structure among the air carriers remain competitive in 2013.

Southwest announced that its Denver flight will be discontinued in early November 2013; however the passengers that were using this flight to access Denver as well as connect to the west coast will be able to reach these destinations through Chicago and Baltimore.

RIAC worked with Cape Air to secure a \$900 thousand grant to start new seasonal service between T.F. Green and Block Island Airport. This new service is scheduled to begin in May 2014 with an average of three to five roundtrip flights daily.

Based on the January 17, 2013 downgrade of AGC to A2 by Moody's, RIAC took the following actions in July 2013; effected an economic defeasance of the Series 1994A Bonds by providing to the Trustee \$1.273 million to

## DRAFT

pay the remaining principal and interest on the Series 1994A Bonds, funded the Series 2004 Debt Service Reserve (DSR) requirement with a cash deposit of \$5.267 million and cash funded the \$1.350 million portion of the Series 2003/2008 DSR requirement that was funded with the municipal bond debt service reserve insurance policy. While the debt service reserve insurance policies remain in effect on these bonds, these actions provide bond holders with an added layer of security.

Any questions or comments concerning any of the information provided in this report, or requests for additional information, should be addressed to the Chief Financial Officer of the Rhode Island Airport Corporation, T. F. Green Airport, 2000 Post Road, Warwick, RI 02886 401-691-2000.

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**Financial Statements**

## RHODE ISLAND AIRPORT CORPORATION

## STATEMENTS OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Unrestricted assets:		
Cash and cash equivalents	\$ 47,166,819	\$ 47,163,642
Accounts receivable, net	5,359,678	4,093,695
Deposits and prepaid items	716,796	758,966
	<u>53,243,293</u>	<u>52,016,303</u>
Restricted assets:		
Restricted cash and cash equivalents	22,653,963	22,480,734
Restricted investments	11,792,804	12,413,358
Accounts receivable, net	2,437,141	1,565,956
Deposits and prepaid items	52,087	107,578
Due from primary government	-	4,959,370
	<u>36,935,995</u>	<u>41,526,996</u>
<b>Total current assets</b>	<u>90,179,288</u>	<u>93,543,299</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	48,450,924	37,913,415
Restricted investments	2,240,637	7,471,610
Accounts receivable	127,110	135,046
Capital assets, net of accumulated depreciation and amortization	512,824,594	526,782,467
Deferred charges, net of accumulated amortization of \$4,149,145 and \$3,756,124 in 2013 and 2012, respectively	4,840,338	4,829,772
<b>Total noncurrent assets</b>	<u>568,483,603</u>	<u>577,132,310</u>
<b>Total assets</b>	<u>658,662,891</u>	<u>670,675,609</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payable from unrestricted assets:		
Accounts payable	1,249,664	771,123
Accrued payroll and employee benefits	1,615,371	1,481,474
Accrued expenses	1,638,558	2,823,774
Unearned revenue	205,249	144,221
Liability for claims, judgments and other settlements	164,000	276,500
Current portion of long-term obligations	101,542	160,819
	<u>4,974,384</u>	<u>5,657,911</u>
Payable from restricted assets:		
Accounts and retainage payable	2,204,770	4,834,758
Accrued expenses	2,204,783	2,701,481
Accrued interest payable	9,690,725	8,839,760
Current portion of long-term obligations	11,365,000	10,830,000
Due to primary government	453,844	-
	<u>25,919,122</u>	<u>27,205,999</u>
<b>Total current liabilities</b>	<u>30,893,506</u>	<u>32,863,910</u>
Noncurrent Liabilities:		
Long-Term Obligations, less current portion	321,690,336	330,517,880
Due to primary government	3,575,000	5,225,000
<b>Total noncurrent liabilities</b>	<u>325,265,336</u>	<u>335,742,880</u>
<b>Total liabilities</b>	<u>356,158,842</u>	<u>368,606,790</u>
<b>NET POSITION</b>		
Net investment in capital assets	195,430,475	201,865,575
Restricted	66,513,507	59,175,412
Unrestricted	40,560,067	41,027,832
<b>Total net position</b>	<u>\$ 302,504,049</u>	<u>\$ 302,068,819</u>

The accompanying notes are an integral part of these financial statements.

## RHODE ISLAND AIRPORT CORPORATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Years Ended June 30, 2013 and 2012

	2013	2012
<b>OPERATING REVENUES</b>		
Charges for services:		
Rental, concession fees and other	\$ 25,769,926	\$ 25,026,223
Landing fees and airfield revenues	13,235,900	13,800,015
Parking	11,314,555	11,443,791
<b>Total operating revenues</b>	<b>50,320,381</b>	<b>50,270,029</b>
<b>OPERATING EXPENSES</b>		
Employee wages and benefits	17,223,123	16,907,287
Supplies, materials and services	5,289,322	5,549,336
Other operating expenses	5,825,550	5,777,888
Depreciation and amortization	20,280,077	19,872,690
<b>Total operating expenses</b>	<b>48,618,072</b>	<b>48,107,201</b>
<b>Operating income</b>	<b>1,702,309</b>	<b>2,162,828</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Passenger facility charges	7,627,745	7,747,347
InterLink, net (Note 9)	(3,005,261)	(2,234,099)
Investment income	46,874	39,808
Other	89,755	94,667
Grant revenues for Noise Mitigation Program	2,383,569	795,213
Grant expenses for Noise Mitigation Program	(2,169,191)	(964,161)
Interest expense	(12,667,605)	(13,131,729)
<b>Total nonoperating revenues (expenses), net</b>	<b>(7,694,114)</b>	<b>(7,652,954)</b>
<b>Loss before capital contributions</b>	<b>(5,991,805)</b>	<b>(5,490,126)</b>
<b>CAPITAL CONTRIBUTIONS, net</b>	<b>6,427,035</b>	<b>4,654,657</b>
<b>Change in net position</b>	<b>435,230</b>	<b>(835,469)</b>
<b>NET POSITION, beginning of year</b>	<b>302,068,819</b>	<b>302,904,288</b>
<b>NET POSITION, end of year</b>	<b>\$ 302,504,049</b>	<b>\$ 302,068,819</b>

The accompanying notes are an integral part of these financial statements.

## RHODE ISLAND AIRPORT CORPORATION

### STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2013 and 2012

	2013	2012
<b>Cash Flows From Operating Activities</b>		
Receipts from rentals and other services or fees	\$ 50,407,220	\$ 49,813,900
Payments to employees for services	(17,089,226)	(16,867,329)
Payments to suppliers and other	(11,975,657)	(12,381,571)
<b>Net cash provided by operating activities</b>	<b>21,342,337</b>	<b>20,565,000</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Noise Mitigation Program receipts	2,378,825	1,278,706
Noise Mitigation Program payments	(2,811,838)	(968,056)
InterLink, net	6,190,401	6,485,223
<b>Net cash provided by noncapital financing activities</b>	<b>5,757,388</b>	<b>6,795,873</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Collection of passenger facility charges	7,081,157	7,809,213
Other	118,211	94,673
Interest paid, long-term obligations	(16,365,654)	(17,258,685)
Capital contributions and grant revenues, net	10,547,715	4,539,531
Acquisition and construction of capital assets	(13,749,632)	(20,842,897)
Proceeds from long-term obligations	2,582,338	16,220,825
Payments on long-term obligations	(12,527,519)	(10,784,464)
<b>Net cash used in capital and related financing activities</b>	<b>(22,313,384)</b>	<b>(20,221,804)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale and maturity of investments	8,092,825	-
Purchase of investments	(2,240,637)	(19,885,629)
Interest on investments	75,386	32,443
<b>Net cash provided by (used in) investing activities</b>	<b>5,927,574</b>	<b>(19,853,186)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>10,713,915</b>	<b>(12,714,117)</b>
Cash and cash equivalents, beginning of year	107,557,791	120,271,908
Cash and cash equivalents, end of year	<b>\$ 118,271,706</b>	<b>\$ 107,557,791</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>		
Current unrestricted assets	\$ 47,166,819	\$ 47,163,642
Current restricted assets	22,653,963	22,480,734
Noncurrent restricted assets	48,450,924	37,913,415
	<b>\$ 118,271,706</b>	<b>\$ 107,557,791</b>

The accompanying notes are an integral part of these financial statements.

## RHODE ISLAND AIRPORT CORPORATION

STATEMENTS OF CASH FLOWS, Continued  
For the Years Ended June 30, 2013 and 2012

	2013	2012
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating Activities</b>		
Operating income	\$ 1,702,309	\$ 2,162,828
Adjustments to reconcile operating income to net cash provided by operations		
Depreciation and amortization	20,280,077	19,872,690
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	25,811	(494,249)
Deposits and prepaid items	42,170	(247,081)
Increase (decrease) in:		
Accounts payable	478,541	(773,515)
Accrued expenses	(1,247,599)	6,207
Unearned revenue	61,028	38,120
<b>Net cash provided by operating activities</b>	<b>\$ 21,342,337</b>	<b>\$ 20,565,000</b>
<b>Supplemental Disclosure for Cash Flow Information</b>		
Noncash capital and related financing activities:		
Capital assets acquired through accounts payable	\$ 3,842,177	\$ 9,739,648
Capital contribution recognized through accounts receivable	2,561,954	1,582,369
Deferred amount on refundings recorded through:		
Reduction of unamortized bond issuance costs and unamortized original issue premiums and discounts	46,072	393,021

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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**Note 1. Nature of the Organization and Summary of Significant Accounting Policies**Reporting entity

Rhode Island Airport Corporation ("RIAC") is a public corporation organized in December 1992 for the purpose of assuming operating responsibility for the six airports in the State of Rhode Island ("State"). RIAC is a subsidiary of the Rhode Island Economic Development Corporation ("EDC") and a component unit of the State of Rhode Island. The airports are owned by the State and prior to July 1, 1993 were managed by the Department of Transportation, Department of Airports ("RIDOT"). RIAC and the State entered into a Lease and Operating Agreement ("Lease Agreement") which transferred operating responsibility for the airports to RIAC effective July 1, 1993, which agreement was amended in fiscal year 2008 to extend the term to 2038 (see Note 8). RIAC does not have the power to issue bonds, notes or borrow money without the approval of the EDC, nor does it have the power of eminent domain with respect to real property.

RIAC is governed by a board of directors which consists of seven members who serve without compensation but are entitled to reimbursement for necessary expenses incurred in performance of their duties relating to RIAC.

RIAC is not subject to federal, state or local income taxes.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, RIAC has adopted the provision of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards for the criteria used to evaluate the organizations activities and functions that should be included in RIAC's financial statements.. No component units are reported in the accompanying financial statements based on operational or financial relationships with RIAC.

Measurement focus and basis of accounting

The accounting policies of RIAC conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies and, as such, RIAC is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of the change in RIAC's net position. In the current year, RIAC adopted GASB No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

RIAC distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with RIAC's principal ongoing operations. The principal operating revenues of RIAC are charges to customers for fees and services. Operating expenses include the cost of providing services, administrative expenses and depreciation and amortization expense on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The major components of the nonoperating revenue sources are interest income from cash and investments, passenger facility charges, InterLink operations and revenues from the Noise Mitigation Program. The major components of nonoperating expense sources are expenditures for the Noise Mitigation program, interest expense and other nonoperating expenses. When both restricted and unrestricted resources are available for use, it is RIAC's policy to use restricted assets first, then unrestricted resources as they are needed.



NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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Cash and cash equivalents

For the purposes of the Statement of Cash Flows, RIAC considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

RIAC's cash and cash equivalents include amounts designated by the Board of Directors for capital acquisition, construction and operating costs (see Note 6). Such amounts totaled \$5,100,000 as of June 30, 2013 and 2012.

Receivables

Receivables are reported at the original amount billed less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience, aviation industry trends and current information regarding the credit worthiness of the debtors. RIAC requires collateral or other forms of security from certain customers.

Receivables from state and federal agencies are reported based on reimbursable capital expenditures.

Investments

Investments, which include money market funds with maturities of greater than one year, are recorded at fair market value.

Restricted assets

Restricted assets consist of monies and other resources whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. These restrictions are described below:

***Restricted for Certain Expenditures***

These assets are restricted under RIAC's capital grants and other agreements for certain capital projects and operating expenses. These assets include amounts collected for Passenger Facility Charges, InterLink Facility Revenues and bond proceeds to be used for construction and operating expenses related to the InterLink.

***Restricted for Deposits***

These assets are restricted from operations because they represent deposits that are held to ensure performance by tenants.

***Restricted for Reserves***

These assets are restricted by the Master Indenture of Trust dated October 1, 1993, which authorizes EDC to issue bonds on behalf of RIAC. The operating and maintenance reserve reports resources set aside to subsidize potential deficiencies from RIAC's operations that could adversely affect debt service payments. The repair and rehabilitation reserve reports resources set aside to meet unexpected contingencies or to fund asset repairs and rehabilitation. The InterLink has assets that are restricted per the First Supplemental Indenture of Trust dated June 1, 2006. The InterLink operating and maintenance reserve reports resources set aside to subsidize potential deficiencies from the InterLink's operations that could adversely affect debt service payments. The emergency renewal and replacement reserve Fund reports assets set aside to be used by RIAC to pay emergency renewal and replacement costs.

**RHODE ISLAND AIRPORT CORPORATION****DRAFT****NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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Capital assets and depreciation and amortization

Capital assets are stated at cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation, except for capital assets donated by the State which were recorded at the same net book value as previously reported by the State. Assets leased from the State by RIAC are recorded at the present value of the future minimum lease payments plus the amounts expended from the funding received from the federal government. RIAC defines capital assets as assets with an initial cost of more than \$2,500 and an estimated useful life in excess of one year. Expenditures that substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs and costs associated with the Noise Mitigation Program are expensed as incurred except for the value of the land acquired, which is capitalized. Interest expense incurred on bonds payable during the construction phase of capital assets, net of interest income earned on project specific bond proceeds invested over the same period, is included as part of the capitalized value of the assets constructed.

Depreciation and amortization of capital assets is calculated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Assets leased from the State	5-25
Leasehold improvements	7-40
Machinery and equipment	3-15
Vehicles	5-10

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

RIAC had no Deferred Outflows/Inflows of resources that met the above definition.

Compensated absences

RIAC accrues vacation and sick pay benefits as earned by its employees in accordance with established personnel policies using the salary rates in effect at the statement of net assets date. Sick pay benefits are accrued using the vesting method in accordance with GASB Statement No. 16, Accounting for Compensated Absences.

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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Bond issuance costs, original issue premium or discount and deferred amounts on refundings

Bond issuance costs are deferred and amortized over the life of the related bonds using the straight line method and are reported as deferred charges. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the effective interest method. Deferred amounts on refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the refunding bonds using the straight line method, which approximates the effective interest method. Revenue bonds payable are reported net of the original issue bond premium or discount, as appropriate, and deferred amounts on refundings, as applicable.

Net position

RIAC's net position is presented in the following three categories:

***Net investment in capital assets*** - This category represents capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets. Invested in capital assets, net of related debt, excludes unspent debt proceeds.

***Restricted Net Position*** - This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation

***Unrestricted Net Position*** - This category represents the residual amount of net position not included in the other two categories.

Revenue recognition***Rental, Concession Fees and Other***

Rental and concession fees are generated from airlines, food and beverage outlets, retailers, rental car agencies, advertising and commercial tenants. Leases executed by RIAC with such parties are accounted for as operating leases. RIAC recognizes rental income on a straight-line basis over the terms of the various leases.

Concession fees are recognized based on reported concessionaire revenue. Where agreements permit audits of concessionaire revenue, any additional fees resulting from such audits are recognized when such amounts become known. Other Income includes federal grants, bad debt expenses and recoveries, and audit recoveries.

***Landing Fees and Airfield Revenues***

Landing fees are generated principally from scheduled airlines, cargo carriers and nonscheduled commercial aviation based on landed weight of the aircraft and/or signed contracts. Airfield revenues include tiedown and hangar rentals, fuel flowage fees and other airfield related revenues. Landing fees and airfield revenues are recognized as revenue as the related facilities are used.

***Parking***

Parking revenues are generated principally from on-site facilities managed by a third party. Revenues are based upon utilization of the facilities. Parking revenues are recognized based upon reported revenue by the management company. Additional parking revenues resulting from an audit of the management company records are recognized when such amounts become known.

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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***Passenger Facility Charges***

Passenger Facility Charges ("PFC") net receipts are restricted for use on pre-approved Federal Aviation Administration ("FAA") projects, including related debt service. The FAA has approved PFC funding for twenty-six projects that comprise a significant portion of RIAC's capital improvement program. RIAC has been authorized to collect PFCs in the aggregate amount of approximately \$183,559,000 based on a rate of \$4.50 per enplaned passenger. Aggregate collections, including interest thereon, through June 30, 2013 were approximately \$142,390,000. Passenger facility charges are recorded as non-operating revenue as earned, based on enplaned passengers.

***Customer Facility Charges***

Effective July 1, 2001, rental car agencies operating under lease agreements with RIAC were required to impose a customer facility charge ("CFC") per transaction day on substantially all car rentals. Effective July 1, 2011 the CFC is \$5.50. CFC revenue is recorded as non-operating revenue as earned, based upon daily car rentals reported by the rental car agencies. Additional CFC revenues resulting from audits of the rental car agency records are recognized when such amounts become known. See Note 9 for further discussion.

***Grants and Capital Contributions***

Certain expenditures for airport capital improvements are funded through the Airport Improvement Program of the FAA. The funding provided under these government grants is considered earned when eligibility requirements are met.

Grants for capital asset acquisition, facility development and eligible long-term planning studies are reported in the statements of revenues, expenses and change in net assets after non-operating revenues and expenses as capital contributions net of expenditures made on behalf of third parties.

Revenues from other grants are recognized as non-operating revenue as soon as all eligibility requirements imposed by the grantor have been met.

Contributions of capital assets by the State are reported as capital contributions at the same net book value as previously reported by the State.

Capital assets conveyed to RIAC based on the expiration of certain concession and lease agreements are reported as capital contributions at estimated fair market value as of the date of transfer.

**Noise Mitigation Program**

The Noise Mitigation Program consists of the acquisition of properties under the "70 Day Night Level" (DNL) land acquisition program, which is funded in part by federal grants. The program includes the purchase and demolition of homes within the 70 DNL contours, as well as related relocation costs of the occupants. The acquisition of the homes is on a voluntary basis. Costs related to this program are expensed as incurred, except for the value of land acquired, which is capitalized.

**Pension plans**

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Reclassifications

Certain amounts in RIAC's net position as of and for the year ended June 30, 2012 have been reclassified, with no effect on 2012 net position, to be consistent with the classifications adopted as of and for the year ended June 30, 2013.

Pronouncements issued, not yet effective:

The GASB issued pronouncements prior to June 30, 2013 that have an effective date that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following Statements may have on the financial statements of RIAC:

- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***, issued March 2012, will be effective for the Authority beginning with the year ending December 31, 2013. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognized certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of that element in Concepts Statements No. 4, *Elements of Financial Statements*.
- **GASB Statement No. 66, *Technical Corrections-2012***, was issued in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement will be effective for RIAC beginning with its year ending June 30, 2013.
- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27***, was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement will be effective for RIAC beginning with its year ending June 30, 2014.
- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***, was issued in January 2013. This Statement provides guidance for:
  - Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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- Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
- Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
- Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.

- **GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.** This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

Change in Accounting Principle

Effective July 1, 2012, RIAC adopted GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires reporting of deferred outflows and inflows of resources separately from assets and liabilities and replace net assets with net position. In addition, certain items previously reported as assets and liabilities are now recognized as outflows or inflows of resources. Other than renaming net assets with net position, GASB No. 63 had no impact on the RIAC's financial position or results of operation.

**RHODE ISLAND AIRPORT CORPORATION**

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

**Note 2. Cash, Cash Equivalents and Investments**

Components of cash, cash equivalents and investments at June 30 are summarized below:

	2013	2012
Unrestricted cash and cash equivalents:		
Demand deposits	\$ 47,166,819	\$ 47,163,642
Restricted cash, cash equivalents and investments:		
Demand deposits	22,653,963	22,480,734
U.S. Treasury Notes	11,792,804	3,965,808
U.S. Treasury Bills	-	8,447,550
Total restricted cash, cash equivalents and investments	34,446,767	34,894,092
Non-current restricted cash, cash equivalents and investments:		
Demand deposits	15,394,577	8,664,632
Money Market funds	33,056,347	29,248,783
U.S. Treasury Notes	2,240,637	4,157,963
U.S. Treasury Bills	-	3,313,647
Total non-current restricted cash, cash equivalents and investments	50,691,561	45,385,025
Total	\$ 132,305,147	\$ 127,442,759

**Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, RIAC will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. RIAC has a deposit policy for custodial credit risk in addition to that which is provided by Rhode Island General Laws, Chapter 35-10.1 under which an amount equal to or greater than 100% of the uninsured bank balances of RIAC's cash deposits are collateralized with securities held by the pledging bank's trust department or agent in RIAC's name. In accordance with Rhode Island General Laws, Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State shall, at a minimum, insure or pledge eligible collateral equal to 100 percent of time deposits with maturities greater than 60 days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100 percent of deposits, regardless of maturity. Eligible collateral per the agreement and Rhode Island General Laws, Chapter 35-10.1 includes the following: obligations of the United States; obligations of the State of Rhode Island; obligations of any other State with a rating not less than "A" by Standard and Poor's Corporation or Moody's Investor Services, Inc.; certain one to four family residential mortgage loans providing they meet certain provisions; and other marketable securities and debt instruments determined to be satisfactory for purposes of providing liquid assets in the event of default or insolvency of a qualified depository institution providing that this type of collateral does not exceed 10% of the total collateral pledged by the financial institution.

## RHODE ISLAND AIRPORT CORPORATION

**DRAFT****NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

The bank balances of RIAC's cash deposits totaling \$86,967,863 and \$79,657,633 that were exposed to custodial credit risk as of June 30, 2013 and 2012, respectively are as follows:

	2013	2012
Uninsured, but collateralized with securities held by the pledging bank's trust department or agent in RIAC's name	<u>\$ 86,717,863</u>	<u>\$ 77,807,751</u>

**Investments****Interest rate risk**

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, RIAC's investment policy limits its investments to those that provide for sufficient liquidity to meet all operating requirements, annual debt service and a reasonable rate of return. Information about the exposure of the entity's debt type investments to this risk using segmented time distribution model is as follows:

Type of Investment	Fair Value	2013	
		Investment Maturities (in Years)	
		Less Than 1 Year	1-5 Years
Money market funds	\$ 33,056,347	\$ 33,056,347	\$ -
U.S. Treasury Notes	14,033,441	11,792,804	2,240,637
	<u>\$ 47,089,788</u>	<u>\$ 44,849,151</u>	<u>\$ 2,240,637</u>

Type of Investment	Fair Value	2012	
		Investment Maturities (in Years)	
		Less Than 1 Year	1-5 Years
Money market funds	\$ 29,248,783	\$ 29,248,783	\$ -
U.S. Treasury Notes	8,123,771	3,965,808	4,157,963
U.S. Treasury Bills	11,761,197	8,447,550	3,313,647
	<u>\$ 49,133,751</u>	<u>\$ 41,662,141</u>	<u>\$ 7,471,610</u>

**Credit risk**

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating



**RHODE ISLAND AIRPORT CORPORATION**
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**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Presented below is the minimum rating as required for each debt type investment. RIAC's investment policies are pursuant to the Master Indentures of Trust ("Indentures") and Rhode Island General Laws. Rhode Island General Laws and the Indentures permit RIAC to invest in certificates of deposit, savings accounts, money market funds, obligations of the United States Government or certain obligations thereof, repurchase agreements with any eligible depository for a period not to exceed 30 days, commercial paper with a rating of P-1, A-1 or higher as approved by RIAC's Board of Directors, and investment grade corporate debentures with a rating of AAA, AA by Standard & Poor's Rating Services and Aaa, Aa by Moody's Investor Service, Inc.

	2013	2012
	AAA	AAA
Money Market funds	\$ 33,056,347	\$ 29,248,783

**Custodial credit risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, RIAC will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. RIAC does not have a policy for custodial credit risk.

RIAC's investments are held by the counterparty and in RIAC's name.

**Concentration of credit risk**

RIAC places no limit on the amount of investment in any one issuer. In accordance with GASB Statement No. 40, none of RIAC's investments require concentration of credit risk disclosures.

**Note 3. Accounts Receivable**

Accounts receivable consist of the following as of June 30, 2013 and 2012:

	2013	2012
<b>Unrestricted:</b>		
Accounts receivable, trade	\$ 1,914,958	\$ 1,942,017
Due from federal government	3,795,333	2,482,515
Other	20,714	60,126
	5,731,005	4,484,658
Less: allowance for uncollectible amounts	244,217	255,917
	\$ 5,486,788	\$ 4,228,741

## RHODE ISLAND AIRPORT CORPORATION

**DRAFT****NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

The amounts due from the federal government are based on expenditures incurred by RIAC under terms of grant agreements or legislation.

	2013	2012
<b>Restricted:</b>		
Due from airlines - Passenger Facility Charges	\$ 1,360,672	\$ 814,084
Due from car rental agencies - InterLink Facility Revenues	675,029	734,549
Due from primary government	-	4,959,370
Other	401,440	75,917
	<u>\$ 2,437,141</u>	<u>\$ 6,583,920</u>

The non-current account receivable is due from a tenant for leasehold improvements which was funded by RIAC, totaled approximately \$127,000 and \$135,000 as of June 30, 2013 and 2012, respectively.

**Note 4. Capital Assets**

Capital asset activity for the years ended June 30, 2013 and 2012 is as follows:

	2013			
	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 39,122,390	\$ 711,799	\$ -	\$ 39,834,189
Construction in progress	6,185,443	8,779,583	(6,914,048)	8,050,978
Total capital assets, not being depreciated/amortized	45,307,833	9,491,382	(6,914,048)	47,885,167
Capital assets, being depreciated/amortized:				
Assets leased from the State	30,608,849	-	-	30,608,849
Leasehold improvements	644,690,001	5,266,889	-	649,956,890
Machinery and equipment	46,823,607	3,065,264	(680,285)	49,208,586
Vehicles	1,836,906	273,698	-	2,110,604
Total capital assets being depreciated/amortized	723,959,363	8,605,851	(680,285)	731,884,929
Less accumulated depreciation/amortization for:				
Assets leased from the State	(24,605,906)	(995,641)	-	(25,601,547)
Leasehold improvements	(190,226,556)	(20,886,655)	-	(211,113,211)
Machinery and equipment	(25,897,114)	(3,126,548)	642,674	(28,380,988)
Vehicles	(1,755,153)	(94,603)	-	(1,849,756)
Total accumulated depreciation and amortization	(242,484,729)	(25,103,447)	642,674	(266,945,502)
Total capital assets, being depreciated/amortized, net	481,474,634	(16,497,596)	(37,611)	464,939,427
Total capital assets, net	<u>\$ 526,782,467</u>	<u>\$ (7,006,214)</u>	<u>\$ (6,951,659)</u>	<u>\$ 512,824,594</u>

**RHODE ISLAND AIRPORT CORPORATION**
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**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

	2012			
	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 39,122,390	\$ -	\$ -	\$ 39,122,390
Construction in progress	6,155,252	19,446,482	(19,416,291)	6,185,443
Total capital assets, not being depreciated/amortized	45,277,642	19,446,482	(19,416,291)	45,307,833
Capital assets, being depreciated/amortized:				
Assets transferred from the State	30,608,849	-	-	30,608,849
Leasehold improvements	630,526,056	14,163,945	-	644,690,001
Machinery and equipment	42,838,691	4,013,130	(28,214)	46,823,607
Vehicles	1,836,906	-	-	1,836,906
Total capital assets being depreciated/amortized	705,810,502	18,177,075	(28,214)	723,959,363
Less accumulated depreciation/amortization for:				
Assets transferred from the State	(23,586,010)	(1,019,896)	-	(24,605,906)
Leasehold improvements	(169,873,356)	(20,353,200)	-	(190,226,556)
Machinery and equipment	(22,937,258)	(2,987,432)	27,576	(25,897,114)
Vehicles	(1,673,067)	(82,086)	-	(1,755,153)
Total accumulated depreciation and amortization	(218,069,691)	(24,442,614)	27,576	(242,484,729)
Total capital assets, being depreciated/amortized, net	487,740,811	(6,265,539)	(638)	481,474,634
Total capital assets, net	\$ 533,018,453	\$ 13,180,943	\$ (19,416,929)	\$ 526,782,467

Capitalized interest included in capital asset additions for the years ended June 30, 2013 and 2012 is as follows:

	2013	2012
Interest expense capitalized	\$ 119,466	\$ 221,842

As of June 30, 2013 and 2012, RIAC was obligated for the completion of certain airport improvements under commitments of approximately \$5,963,000 and \$3,485,000, respectively, which are expected to be funded from current available resources and future operations. As of June 30, 2013 and 2012, RIAC was also obligated for the completion of certain projects related to the InterLink of approximately \$93,000 and \$7,270,000, respectively.

## RHODE ISLAND AIRPORT CORPORATION

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NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

## Note 5. Long-Term Obligations

Long-term obligations activity for the years ended June 30, 2013 and 2012 is as follows:

	2013				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue and special facility bonds payable	\$ 300,785,000	\$ 2,582,338	\$ (10,830,000)	\$ 292,537,338	\$ 11,365,000
Unamortized amounts:					
Original issue discounts	(178,417)	-	11,151	(167,266)	-
Original issue premiums	6,919,359	-	(616,671)	6,302,688	-
Deferred amount on refundings	(6,489,627)	-	662,180	(5,827,447)	-
<b>Total bonds payable</b>	<b>301,036,315</b>	<b>2,582,338</b>	<b>(10,773,340)</b>	<b>292,845,313</b>	<b>11,365,000</b>
Other liabilities:					
State of Rhode Island payable	5,225,000	-	(1,650,000)	3,575,000	-
Obligations under capital leases	63,397	-	(63,397)	-	-
Note payable	350,212	-	(97,422)	252,790	101,542
TIFIA loan	40,058,775	-	-	40,058,775	-
<b>\$ 346,733,699</b>	<b>\$ 2,582,338</b>	<b>\$ (12,584,159)</b>	<b>\$ 336,731,878</b>	<b>\$ 11,466,542</b>	

	2012				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue and special facility bonds payable	\$ 309,710,000	\$ -	\$ (8,925,000)	\$ 300,785,000	\$ 10,830,000
Unamortized amounts:					
Original issue discounts	(189,568)	-	11,151	(178,417)	-
Original issue premiums	7,536,030	-	(616,671)	6,919,359	-
Deferred amount on refundings	(7,151,807)	-	662,180	(6,489,627)	-
<b>Total bonds payable</b>	<b>309,904,655</b>	<b>-</b>	<b>(8,868,340)</b>	<b>301,036,315</b>	<b>10,830,000</b>
Other liabilities:					
State of Rhode Island payable	6,790,000	-	(1,565,000)	5,225,000	-
Obligations under capital leases	377,673	-	(314,276)	63,397	63,397
Note payable	443,680	-	(93,468)	350,212	97,422
TIFIA loan	23,837,950	16,220,825	-	40,058,775	-
<b>\$ 341,353,958</b>	<b>\$ 16,220,825</b>	<b>\$ (10,841,084)</b>	<b>\$ 346,733,699</b>	<b>\$ 10,990,819</b>	

## RHODE ISLAND AIRPORT CORPORATION

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NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013Revenue and special facility bonds payable

Revenue and special facility bonds payable consist of the following bond issues as of June 30, 2013 and 2012:

Description	Date of Maturity	Interest Rate	2013	2012
1994 Series A bonds	07/01/2014	5.25%-7.0%	\$ 2,305,000	\$ 3,345,000
1998 Series A and B bonds	07/01/2028	4.2%-5.25%	32,060,000	32,060,000
2003 Series A bonds	07/01/2015	3.5%-5.0%	8,855,000	11,570,000
2004 Series A bonds	07/01/2024	2.0%-5.0%	48,810,000	48,900,000
2005 Series A, B and C bonds	07/01/2030	3.0%-5.0%	105,990,000	109,890,000
2008 Series A, B and C bonds	07/01/2038	3.5%-5.25%	44,365,000	46,825,000
2013 Series A bonds	09/01/2034	.51%-2.73%	2,582,338	-
<b>Total revenue bonds payable</b>			<b>244,967,338</b>	<b>252,590,000</b>
2006 First Lien Special Facility Bonds	07/01/2036	4.0%-5.0%	47,570,000	48,195,000
<b>Total revenue and special facility bonds payable</b>			<b>\$ 292,537,338</b>	<b>\$ 300,785,000</b>

Aggregate scheduled principal and interest payments due on RIAC's long-term obligations as of June 30, 2013 through maturity are as follows:

Year Ending June 30:	Principal	Interest	Total
2014	\$ 11,466,542	\$ 16,698,425	\$ 28,164,967
2015	13,585,838	16,062,608	29,648,446
2016	15,188,410	15,362,079	30,550,489
2017	14,742,000	14,721,167	29,463,167
2018	14,157,338	14,524,636	28,681,974
2019-2023	86,500,669	59,256,146	145,756,815
2024-2028	81,324,399	36,658,977	117,983,376
2029-2033	43,245,659	19,470,674	62,716,333
2034-2038	34,682,781	10,518,249	45,201,030
2039-2043	21,530,267	2,830,547	24,360,814
	<b>\$ 336,423,903</b>	<b>\$ 206,103,508</b>	<b>\$ 542,527,411</b>

Revenue bonds are issued by EDC on behalf of RIAC. The proceeds from these bonds are used to finance construction and related costs of certain capital improvements. These bonds, except for the 2006 First Lien Special Facility Bonds, are secured by the net revenues derived from the operation of the airports. The 2006 First Lien Special Facility Bonds are secured solely by the net revenues derived from the InterLink.

## RHODE ISLAND AIRPORT CORPORATION

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NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013Pledged revenues from Airport Operations

Per its Master Indenture of Trust and Supplemental Indentures, RIAC has pledged Net Revenues derived from the operation by RIAC of the Airport and Certain General Aviation Airports to repay approximately \$244,967,000 in airport revenue bonds. Proceeds from the bonds were used for various airport improvement projects. Amounts Available to Pay Debt Service per the Master Indenture, including pledged Passenger Facility Charges, were approximately \$38,691,000 and \$39,233,000 for the years ended June 30, 2013 and June 30, 2012, respectively. Principal and interest payments for the years ended June 30, 2013 and June 30, 2012 were approximately \$22,521,000 and \$22,528,000, respectively.

Obligations supported by Pledged Airport Net Revenue is as follows:

Year Ending June 30:	Principal	Interest	Total
2014	\$ 10,766,542	\$ 12,163,412	\$ 22,929,954
2015	12,825,838	11,560,595	24,386,433
2016	14,343,410	10,900,190	25,243,600
2017	13,822,000	10,303,404	24,125,404
2018	13,152,338	10,151,229	23,303,567
2019-2023	78,510,000	38,624,418	117,134,418
2024-2028	68,575,001	18,748,779	87,323,780
2029-2033	25,665,000	5,350,237	31,015,237
2034-2038	9,035,000	1,833,126	10,868,126
2039-2043	2,100,000	210,024	2,310,024
	<u>\$ 248,795,129</u>	<u>\$ 119,845,414</u>	<u>\$ 368,640,543</u>

State of Rhode Island payable

The Lease Agreement with the State requires RIAC to make annual payments to the State in an amount equal to the principal and interest payments due to bondholders under certain airport-related General Obligation Bonds issued on behalf of RIAC. Although the original airport-related General Obligation Bonds were defeased in June 2002, the terms of the Lease Agreement require RIAC to continue to remit payments to the State based upon the amortization schedule of original airport-related General Obligation Bonds through June 2023 (see Note 8). As of June 30, 2013 and 2012, the amounts owed were approximately \$3,575,000 and \$5,225,000, respectively.

Note payable

RIAC has financed the acquisition of a parcel of land with seller-provided financing. The note requires monthly payments of principal and interest of \$9,176, including interest at 4.15% through November 2015. As of June 30, 2013 and 2012 the amounts owed were approximately \$253,000 and \$350,000, respectively.

Obligations under capital leases

RIAC has financed the acquisition of certain equipment through lease-purchase agreements. The agreements provide for monthly, quarterly, or semi-annual lease payments, which ranged from \$114,000 to \$159,000. The interest rates associated with these agreements ranged from 3.67% to 4.11%. As of June 30, 2013 and 2012, the amounts owed were approximately \$0 and \$63,000, respectively.

**RHODE ISLAND AIRPORT CORPORATION**
**DRAFT**
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

A summary of assets acquired with capital leases is as follows as of June 30, 2013 and 2012:

	2013	2012
Machinery and equipment	\$ 6,949,450	\$ 6,949,450
Less: accumulated amortization	6,589,056	6,345,675
	<u>\$ 360,394</u>	<u>\$ 603,775</u>

Amortization expense relative to leased property under capital leases totaled approximately \$243,000 and \$365,000 for the years ended June 30, 2013 and 2012, respectively and is included in depreciation and amortization expense disclosed in Note 4.

**TIFIA loan**

In June 2006, RIAC, the EDC and the Rhode Island Department of Transportation ("RIDOT") executed a Secured Loan Agreement ("Agreement"), agreement number TIFIA – No. 2006-1001, which provides for borrowings of up to \$42,000,000 with the United States Department of Transportation ("US DOT") under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). The purpose of the Agreement is to reimburse the EDC and RIDOT and to provide funding to RIAC for a portion of eligible project costs related to the InterLink. RIAC was permitted under the agreement to make requisitions of funds for eligible project costs through fiscal year 2013. RIAC began making payments of interest in fiscal year 2012, with interest at a rate of 5.26%. Payments are made on behalf of the EDC (the borrower per the Agreement), and debt service payments commenced in fiscal year 2012 with a final maturity in fiscal year 2042. Such repayments are payable solely from the net revenues derived from the InterLink. As of June 30, 2013, RIAC had approximately \$40,059,000 in borrowings under this agreement. See Note 9 for schedule of obligations to be paid from InterLink Net Revenues.

**Note 6. Net Position**

Restricted net position of RIAC consists of the following as of June 30, 2013 and 2012:

	2013	2012
<b>Restricted:</b>		
Capital acquisition and construction	\$ 28,597,459	\$ 22,808,568
Passenger Facility Charges	13,419,560	10,655,594
InterLink	16,815,871	18,146,367
Operating and maintenance reserve - Airports	4,505,617	4,423,383
Operating and maintenance reserve - InterLink	675,000	641,500
Emergency renewal and replacement reserve - InterLink	2,000,000	2,000,000
Repair and rehabilitation reserve- Airports	500,000	500,000
	<u>\$ 66,513,507</u>	<u>\$ 59,175,412</u>

Under the Master Indenture of Trust adopted in 1993, RIAC agreed to create and maintain two reserves. The operating and maintenance reserve is to be equal to two months operating and maintenance expenses and is to be used only if RIAC does not have sufficient funds in its current operating accounts to pay these expenses on a timely basis. The repair and rehabilitation reserve is to be equal to at least

**RHODE ISLAND AIRPORT CORPORATION****DRAFT****NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

\$500,000 and can be used solely for emergency repairs and rehabilitation to airport facilities. Both reserves have been funded as required and neither has been used to date. The InterLink has assets that are restricted per the First Supplemental Indenture of Trust dated June 1, 2006. The amount shown for Interlink includes a reclassification of \$4,959,370 from unrestricted net position to restricted net position. The operating and maintenance reserve is to be equal to one-half of the amount set forth in the annual budget. The emergency renewal and replacement reserve is to be equal to \$2,000,000.

Unrestricted net position consists of the following as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Unrestricted net position designated for capital acquisition, construction and operating costs	\$ 5,100,000	\$ 5,100,000
Unrestricted, undesignated net position	<u>35,460,067</u>	<u>35,927,832</u>
	<u>\$ 40,560,067</u>	<u>\$ 41,027,832</u>

**Note 7. Operating Leases As Lessor**

Future minimum contractual rental payments to be received under non-cancelable leases are as follows:

Year Ending June 30:	
2014	\$ 3,779,847
2015	3,751,718
2016	3,799,902
2017	3,876,329
2018	3,954,480
2019-2020	<u>6,651,171</u>
	<u>\$ 25,813,447</u>

In the event of tenant default, RIAC has the right to reclaim its leased property together with any improvements thereon.

**Note 8. Related Party Transactions**

The Lease Agreement between RIAC and the State is for a 30-year term (see Note 1) under which the State has agreed to lease various assets to RIAC for \$1 per year. In addition, the Lease Agreement requires RIAC to make annual payments to the State through June 2023 in amounts equal to the principal and interest payments due bondholders under certain airport-related General Obligation Bonds issued by the State on behalf of RIAC (see Note 5). In the event RIAC does not have sufficient funds to make the required payments when due, the amount is payable in the next succeeding fiscal year and remains an obligation of RIAC until paid in full. The State has no right to terminate the Lease Agreement so long as there are bonds and subordinate indebtedness outstanding.

Amounts due from the Quonset Development Corporation totaled \$130,653 and \$49,702 as of June 30, 2013 and 2012, respectively, and are included in accounts receivable in the accompanying statement of net assets.



NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013**Note 9. InterLink Facility**

The InterLink Facility includes consolidated facilities for Airport rental car operations; a train platform to provide access for commuter rail service south to Wickford, Rhode Island and north to both Providence and Boston; and a parking garage for rental car operators and rail commuters. An elevated and enclosed skywalk system connects the InterLink Facility to the Airport.

Net Income for the InterLink is recorded as Nonoperating Revenue in RIAC's Statements of Revenues, Expenses and Changes in Net Assets. Facility Revenues for the InterLink include Customer Facility Charges (CFCs), Rental Car Rental Fees, and Net Commuter Parking Revenues. CFC revenues, including audit recoveries, were \$ 5,721,359 and \$5,977,808 for fiscal years 2013 and 2012, respectively. Operating Expenses include utilities, contracted maintenance, insurance and other costs associated with the InterLink. Depreciation related to the InterLink is reflected in this line item. Interest Expense includes the interest component of RIAC's debt service on the 2006 Series Special Facility Bonds and the U.S. Department of Transportation's (USDOT's) Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. Interest Income on accounts associated with the InterLink is also included in this line item. A breakdown of Net Income from the InterLink Facility is as follows:

	2013	2012
Facility revenues	\$ 7,395,035	\$ 7,636,442
Operating and maintenance expense	1,264,155	1,123,089
<b>InterLink net income</b>	<b>6,130,880</b>	<b>6,513,353</b>
Depreciation and amortization expense	4,610,868	4,357,423
<b>Net income after depreciation and amortization</b>	<b>1,520,012</b>	<b>2,155,930</b>
Interest expense	(4,549,014)	(4,399,988)
Interest income	23,741	9,959
<b>Net (loss) income InterLink Facility</b>	<b>\$ (3,005,261)</b>	<b>\$ (2,234,099)</b>

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013Pledged revenues from InterLink Facility

RIAC has pledged Facility Revenues related to the InterLink, net of specified operating expenses, to repay \$47,570,000 in First Lien Special Facility Bonds and \$40,058,775 in TIFIA Loan. Proceeds from the bonds are being used for the construction of the InterLink. Facility Revenues, including interest income, were \$7,419,000 and \$7,646,000 for the years ended June 30, 2013 and June 30, 2012, respectively. Principal and interest payments on the First Lien Special Facility Bonds for the years ended June 30, 2013 and June 30, 2012 was approximately \$3,005,000 and \$2,977,000, respectively. Principal and interest payments on the TIFIA loan for the years ended June 30, 2013 and June 30, 2012 were approximately \$2,188,000 and \$449,000, respectively.

Obligations supported by Pledged InterLink Net Revenues are as follows:

Year Ending June 30:	Principal	Interest	Total
2014	\$ 700,000	\$ 4,535,013	\$ 5,235,013
2015	760,000	4,502,013	5,262,013
2016	845,000	4,461,888	5,306,888
2017	920,000	4,417,763	5,337,763
2018	1,005,000	4,373,407	5,378,407
2019-2023	7,990,669	20,631,729	28,622,398
2024-2028	12,749,398	17,910,198	30,659,596
2029-2033	17,580,659	14,120,437	31,701,096
2034-2038	25,647,782	8,685,123	34,332,905
2039-2043	19,430,267	2,620,523	22,050,790
	<u>\$ 87,628,775</u>	<u>\$ 86,258,094</u>	<u>\$ 173,886,869</u>

**Note 10. Pension Plans**Employees' Retirement System of the State of Rhode Island

Effective July 1, 2012, the State administered retirement system was modified to include both defined benefit and defined contribution plan components.

*Defined Benefit Plan Description:*

All employees who transferred from the State's payroll to RIAC's employment on July 1, 1993 participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Rhode Island Employees' Retirement System (ERS). The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. The level of benefits provided to state employees is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly.

*Funding Policy:*

The funding policy, as set forth in the General Laws, Section 36-10-2, provides for actuarially determined periodic contributions to the plan. RIAC employees are required to contribute 3.75% of their annual covered salary. RIAC is required to contribute at an actuarially determined rate; the rate was 21.18% of annual covered payroll for the fiscal year ended June 30, 2013. RIAC contributed \$164,285, \$182,393 and \$174,735 for the fiscal years ended June 30, 2013, 2012 and 2011, respectively, equal to 100% of the required contributions for each year.

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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*Defined Contribution Plan Description:*

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

RIAC contributed \$7,453 for the fiscal year ended June 30, 2013 (which was the first year of the defined contribution plan), equal to 100% of the required contributions for that year.

The ERS issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained by writing to the Employees' Retirement System of Rhode Island, 50 Service Avenue, Warwick, RI 02886.

**Money Purchase Pension Plan**

Employees hired by RIAC on or after July 1, 1993 are eligible to participate in the Money Purchase Pension Plan and Trust, a defined contribution plan administered by RIAC. The number of RIAC employees covered by this Plan throughout the year averaged 136 in 2013 and 140 in 2012. RIAC's total payroll for the year ended June 30, 2013 was approximately \$11,713,000, of which \$9,754,000 was covered under the Plan. RIAC's total payroll for the year ended June 30, 2012 was approximately \$11,556,000, of which \$9,777,000 was covered under the Plan. RIAC's total payroll for the year ended June 30, 2011 was approximately \$11,927,000, of which \$9,892,000 was covered under the Plan.

In order to participate in the Plan, covered employees must contribute 6% of their base pay to the Plan. Participants are 100% vested in the amounts they contribute. Withdrawals of these contributed amounts are not permitted prior to termination of employment. RIAC matches 100% of participants' required contributions under a one-year vesting schedule. Total contributions for the year ended June 30, 2013 were approximately \$585,000 by the employer and \$599,000 by the employees, respectively. Total contributions for the year ended June 30, 2012 were approximately \$587,000 by the employer and \$600,000 by the employees, respectively. Total contributions for the year ended June 30, 2011 were approximately \$593,000 by the employer and \$610,000 by the employees, respectively.

The Board of Directors of RIAC has the authority to establish and/or amend the Plan's provisions and the Plan's contribution requirements.

**Note 11. Other Post-Employment Benefits****Plan Description**

RIAC contributes (for certain employees) to the State Employees' defined benefit post-employment health care plan, a cost sharing multiple employer plan administered through the Rhode Island State Employees' and Electing Teachers OPEB System (OPEB System). The State of Rhode Island OPEB Board (Board) was authorized, created and established under Chapter 36-12.1 of the RI General Laws. The Board was

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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established to independently hold and administer, in trust, the funds of the OPEB system. The plan provides medical benefits to certain retired employees of participating employers including RIAC.

Pursuant to legislation enacted by the General Assembly, a trust has been established to accumulate assets and pay benefits and other costs associated with the system.

The OPEB system issues a stand-alone financial report. A copy of the report can be obtained from the State Controller's Office, 1 Capitol Hill, Providence, RI 02903.

**Funding Policy**

RIGL Sections 36-12.1, 36-12-2.2, and 36-12-4 govern the provisions of the OPEB System. The contribution requirements of plan members, the State, and other participating employers are established and may be amended by the General Assembly. Active employees make no contribution to the OPEB plan. Employees who retired after October 1, 2008 must contribute 20% of the annual estimated benefit cost (working rate) or annual premium for Medicare supplemental coverage. Employees retiring before October 1, 2008 have varying co-pay percentages ranging from 0% to 50% based on age and years of service at retirement. Further information about the contributions of plan members can be found in the financial report of the OPEB System.

All participating employers are required by law to fund the actuarially determined annual required contribution (ARC), which for fiscal year 2013 was 6.86% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. RIAC's contributions to the plan for the years ended June 30, 2013, 2012 and 2011 were \$53,048, \$53,360, and \$57,256 respectively, which represent 100% of the ARC.

**Note 12. Risk Management**

RIAC is self-insured for workers' unemployment. RIAC pays for unemployment claims as they are incurred. At June 30, 2013 and 2012 there are no material liabilities outstanding.

RIAC is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God; catastrophic events for which RIAC carries commercial insurance. Neither RIAC nor its insurers have settled any claims which exceeded RIAC's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

**Note 13. Major Customers**

For the years ended June 30, 2013 and 2012, approximately 15% and 16%, respectively, of RIAC's income was derived from sales made to one customer. Accounts receivable from this customer were approximately 14% and 13%, respectively, of unrestricted accounts receivable.

RIAC has entered into Airport Use & Lease Agreements (Airline Agreements) with seven Signatory Airlines (including cargo). The term of the Airline Agreements extends through June 30, 2015, and establish procedures for the annual adjustment of signatory airline terminal rental rates, apron rental rates and aircraft landing fees collected for the use and occupancy of terminal and airfield facilities.

The Signatory Agreement incorporates an Airline Net Revenue Sharing methodology for Signatory Passenger Airlines.

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2013

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**Note 14. Contingencies**

RIAC participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, RIAC may be required to reimburse the grantor government. As of June 30, 2013 and 2012, significant amounts of grant expenditures have not been audited by grantors, but RIAC believes that disallowed expenditures, if any, based on subsequent audits will not have a material adverse effect on the overall financial position of RIAC.

In addition, RIAC is also involved in certain other legal proceedings and claims that have arisen in the ordinary course of business. While the ultimate outcome of these legal proceedings cannot be predicted with certainty, management believes that their resolution will not have a material adverse effect on RIAC's financial statements.

In connection with these matters, RIAC has recorded estimated liabilities for claims, judgments and other settlements totaling \$164,000 and \$276,500 as of June 30, 2013 and 2012, respectively. Such amounts are included in liabilities for claims, judgments and other settlements in the accompanying statements of net assets.

**DRAFT**

**Supplementary Information**

**RHODE ISLAND AIRPORT CORPORATION**  
**STATE OF RHODE ISLAND PRESENTATION - STATEMENT OF NET POSITION**  
**June 30, 2013**

**DRAFT**  
ATTACHMENT A

	RIAC
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 47,166,819
Investments	0
Receivables (net)	5,229,025
Restricted assets:	
Cash and cash equivalents	22,653,963
Investments	11,792,804
Receivables (net)	2,437,141
Other assets	52,087
Due from primary government	0
Due from other component units	130,653
Due from other governments	0
Inventories	0
Other assets	716,796
Total current assets	<u>90,179,288</u>
Noncurrent Assets:	
Investments	0
Receivables (net)	127,110
Restricted assets:	
Cash and cash equivalents	50,691,561
Investments	0
Receivables (net)	0
Other assets	0
Due from other component units	0
Capital assets - nondepreciable	47,885,167
Capital assets - depreciable (net)	464,939,427
Other assets, net of amortization	4,840,338
Total noncurrent assets	<u>568,483,603</u>
Total assets	<u>658,662,891</u>
<b>Deferred outflows of resources</b>	
Accumulated decrease in fair value of hedging derivatives	<u>0</u>
<b>Liabilities</b>	
Current liabilities:	
Cash overdraft	0
Accounts payable	3,454,434
Due to primary government	453,844
Due to other component units	0
Due to other governments	0
Unearned revenue	205,249
Other liabilities	15,313,437
Current portion of long-term debt	11,466,542
Total current liabilities	<u>30,893,506</u>
Noncurrent liabilities:	
Due to primary government	3,575,000
Due to other governments	0
Due to other component units	0
Unearned revenue	0
Notes payable	151,248
Loans payable	40,058,775
Obligations under capital leases	0
Net OPEB obligation	0
Other liabilities	0
Compensated absences	0
Bonds payable	281,480,313
Total noncurrent liabilities	<u>325,265,336</u>
Total liabilities	<u>356,158,842</u>
<b>Deferred inflows of resources</b>	
Accumulated increase in fair value of hedging derivatives	<u>0</u>
Deferred service concession agreement receipts	<u>0</u>
Total deferred inflows of resources	<u>0</u>
<b>Net position</b>	
Net invested in capital assets	195,430,475
Restricted for:	
Debt	0
Other	66,513,507
Other nonexpendable	0
Unrestricted	40,560,067
Total net position	<u>\$ 302,504,049</u>

**RHODE ISLAND AIRPORT CORPORATION**  
**STATE OF RHODE ISLAND PRESENTATION - STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

## ATTACHMENT B

	<u>RIAC</u>
<b>Operating revenues:</b>	
Charges for services	\$50,320,381
Interest income on loans	0
Investment income (net)	0
Other operating income	0
Total operating revenues	<u>50,320,381</u>
<b>Operating expenses:</b>	
Personal services	17,223,123
Supplies, materials, and services	5,289,322
Interest expense	0
Grants, scholarships and contract programs	0
Depreciation, depletion and amortization	20,280,077
Other operating expenses	5,825,550
Total operating expenses	<u>48,618,072</u>
Operating income (loss)	<u>1,702,309</u>
<b>Nonoperating revenues (expenses):</b>	
Interest revenue	0
Grants	214,378
Payments from primary government	0
Gain (loss) on sale of property	0
Interest expense	(12,667,605)
Investment income (net)	46,874
Other nonoperating revenue (expenses)	4,712,239
Total nonoperating revenue (expenses)	<u>(7,694,114)</u>
Income (loss) before contributions	(5,991,805)
Capital contributions	6,427,035
Special items	0
Extraordinary items	0
Change in net position	<u>435,230</u>
Total net position - beginning	<u>302,068,819</u>
Total net position- ending	<u><u>\$302,504,049</u></u>



## RHODE ISLAND AIRPORT CORPORATION

## ATTACHMENT C

### STATE OF RHODE ISLAND PRESENTATION - SCHEDULE OF MATURITIES - BONDS For the Year Ended June 30, 2013

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Fiscal Year Ending June 30	Principal	Interest
2014	\$ 11,365,000	\$ 14,250,170
2015	11,925,000	13,710,955
2016	13,618,000	13,104,922
2017	14,637,000	12,512,654
2018	14,042,338	11,881,961
2019-2023	84,720,000	11,187,050
2024-2028	77,975,000	26,857,249
2029-2033	38,950,000	10,640,863
2034-2038	23,205,000	3,095,350
2039-2043	2,100,000	210,025
	<u>\$ 292,537,338</u>	<u>\$ 117,451,199</u>

RHODE ISLAND AIRPORT CORPORATION

ATTACHMENT C-1

STATE OF RHODE ISLAND PRESENTATION - SCHEDULE OF MATURITIES - NOTE PAYABLE  
For the Year Ended June 30, 2013

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Fiscal Year Ending June 30	Principal		Interest	
2014	\$	101,542	\$	8,574
2015		105,838		4,279
2016		45,410		472
	\$	252,790	\$	13,325

## RHODE ISLAND AIRPORT CORPORATION

## ATTACHMENT C-2

### STATE OF RHODE ISLAND PRESENTATION - SCHEDULE OF MATURITIES - TIFIA PAYABLE For the Year Ended June 30, 2013

Fiscal Year Ending June 30	Principal	Interest
2014	\$ -	\$ 2,185,051
2015	-	2,185,051
2016	-	2,185,051
2017	-	2,185,051
2018	-	2,625,094
2019-2023	1,530,669	11,594,801
2024-2028	3,324,399	9,801,071
2029-2033	4,295,659	8,829,811
2034-2038	11,477,781	7,422,899
2039-2042	19,430,267	2,620,523
	<u>\$ 40,058,775</u>	<u>\$ 51,634,403</u>

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## RHODE ISLAND AIRPORT CORPORATION

## ATTACHMENT D

STATE OF RHODE ISLAND PRESENTATION - SCHEDULE OF CHANGES IN LONG-TERM DEBT  
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Bonds payable	\$ 300,785,000	\$ 2,582,338	\$ 10,830,000	\$ 292,537,338	\$ 11,365,000	\$ 281,172,338
Net unamortized premium/discount	6,740,942	-	605,520	6,135,422	-	6,135,422
Deferred amount on refunding	(6,489,627)	-	(662,180)	(5,827,447)	-	(5,827,447)
Bonds payable	301,036,315	2,582,338	10,773,340	292,845,313	11,365,000	281,480,313
Notes Payable	350,212	-	97,422	252,790	101,542	151,248
Obligations under capital leases	63,397	-	63,397	-	-	-
Net OPEB obligation	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Due to Primary Government	5,225,000	-	1,650,000	3,575,000	-	3,575,000
Due to Other Governments and agencies	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Due to Component Units	-	-	-	-	-	-
Included in other liabilities:						
Arbitrage rebate	-	-	-	-	-	-
Pollution remediation	-	-	-	-	-	-
Items not listed above	40,058,775	-	-	40,058,775	-	40,058,775
Other liabilities	40,058,775	-	-	40,058,775	-	40,058,775
	\$ 346,733,699	\$ 2,582,338	\$ 12,584,159	\$ 336,731,878	\$ 11,466,542	\$ 325,265,336

**RHODE ISLAND AIRPORT CORPORATION**  
**Schedule of Travel & Entertainment Expenses**  
**For the year ended June 30, 2013**

Employee	Purpose	Date	Place	
J Diniz	TSA Explosive Detection Canine Training	5/22/12 to 8/3/12	San Antonio, TX	\$ 2,602
P Frazier	Meeting with FAA	08/16/2012	Washington, DC	495
E Seabury	NEC AAAE 54th Annual Conference	8/18/12 to 8/22/12	Providence, RI	351
L Luciano	NEC AAAE 54th Annual Conference	8/18/12 to 8/22/12	Providence, RI	909
R Lamport	NEC AAAE 54th Annual Conference	8/18/12 to 8/22/12	Providence, RI	651
P Frazier	NEC AAAE 54th Annual Conference	8/18/12 to 8/22/12	Providence, RI	386
S Traficante	NEC AAAE 54th Annual Conference	8/18/12 to 8/22/12	Providence, RI	864
P McDonough	NEC AAAE 54th Annual Conference	8/18/12 to 8/22/12	Providence, RI	393
J Hawkins	3rd Annual Civil Rights Training for Airports	8/28/12 to 8/30/12	Washington, DC	707
S Cahill	ALEAN Fall Conference	9/17/12 to 9/20/12	Las Vegas, NV	1,286
Various	Aviation Expo	09/27/2012	Warwick, RI	777
L Messier	2012 International Association of Chiefs of Police Conference	9/29/12 to 10/4/12	San Diego, CA	2,087
P Goldstein	Airline Visit	10/18/2012	Atlanta, GA	688
P Frazier	Airline Visit	10/18/12	Atlanta, GA	779
T Pimental	Airline Visit	10/18/2012	Atlanta, GA	688
P Frazier	F. Russell Hoyt Conference	10/19/12 to 10/23/12	New Orleans, LA	1,569
Various	Rhode Island Aviation Hall of Fame Dinner	11/17/2012	Cranston, RI	375
J Wheeler	South Carolina Fire Academy	12/5/12 to 12/6/12	Columbia, SC	586
D Lucas	AAAE Military/Civilian Joint Use Issues Conference	12/9/12 to 12/11/12	Clearwater, FL	802
D Lucas	NBAA Schedulers & Dispatchers Conference	1/22/13 to 1/25/13	San Antonio, TX	1,070
Various	Greater Providence Chamber of Commerce Legislative Luncheon	02/06/2013	Providence, RI	800
D Stubbs	MCITP SQL Administrator Training	2/15/13 to 2/24/13	Atlanta, GA	464
T Pimental	Network USA 2013 Conference	3/3/13 to 3/6/13	San Antonio, TX	1,380
P McDonough	FAA Airport Engineering/Planning Conference	3/18/13 to 3/20/13	Hershey, PA	801
J Warcup	Bell Helicopter Training	3/31/13 to 4/3/13	Forth Worth, TX	1,143
L Messier	ALEAN Spring Conference	4/15/13 to 4/17/13	Chicago, IL	889
K Beaver	Impact of Environmental Law	4/17/13 to 4/19/13	Philadelphia, PA	1,153
A Carvalho	AAAE ASOS School, Buffalo	4/20/13 to 4/21/13	Buffalo, NY	817
M Rodrigues	Aviation Snow Symposium	4/21/13 to 4/24/13	Buffalo, NY	961
Various	Greater Providence Chamber of Commerce Economic Outlook Luncheon	05/14/2013	Providence, RI	800
K Fredericks	85th Annual AAAE Conference	5/18/13 to 5/23/13	Reno, NV	1,706
A Shihadeh	85th Annual AAAE Conference	5/18/13 to 5/23/13	Reno, NV	1,213
Various	13th Annual National Transportation Week Breakfast	05/18/2013	Warwick, RI	200
B Schattle	Fitch Rating Agency Meeting	05/29/2013	New York, NY	259
N Williams	Fitch Rating Agency Meeting	05/29/2013	New York, NY	268
K Fredericks	Fitch Rating Agency Meeting	05/29/2013	New York, NY	320
P Goldstein	ACI Conference & Jumpstart	6/3/13 to 6/6/13	Atlanta, GA	1,181
T Pimental	ACI Conference & Jumpstart	6/3/13 to 6/6/13	Atlanta, GA	1,204
P King	NBAA Regional Forum	6/4/13 to 6/5/13	White Plains, NY	311
D Lucas	NBAA Regional Forum	6/4/13 to 6/5/13	White Plains, NY	261
S Landry	NBAA Regional Forum	6/4/13 to 6/5/13	White Plains, NY	311
S Tibbetts	NBAA Regional Forum	6/4/13 to 6/5/13	White Plains, NY	311
Various	Various Meeting Expenses	7/1/12 to 6/30/13	Warwick, RI	4,502
Various	Employee Meetings and Functions	7/1/12 to 6/30/13	Warwick, RI	2,148
Various	Mileage, Parking, Tolls & Gas Reimbursement	7/1/12 to 6/30/13	Warwick, RI	4,369
Various	Snow Meals	7/1/12 to 6/30/13	Warwick, RI	6,046
Various	Various Employee Trips to Block Island	7/1/12 to 6/30/13	Block Island, RI	4,195
Various	Miscellaneous Amounts under \$200	7/1/12 to 6/30/13	Warwick, RI	2,523
				<u>\$ 58,601</u>

## RHODE ISLAND AIRPORT CORPORATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

<b>Federal Grantor Pass-Through Grantor Program Title</b>	<b>Grant Contract No.</b>	<b>Catalog of Federal Domestic Assistance Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Homeland Security:</b>			
Direct Programs:			
TSA - Explosive Detection Canine Team	HSTS0208HCAN445	97.072	\$ 234,596
TSA - Law Enforcement Officer Reimbursement Program	HSTS0209HSLR348	97.090	169,535
TSA - Advanced Surveillance Program	HSTS0409HCT7028	97.118	85,468
Passed through the Rhode Island Emergency Management Agency			
Disaster Grants - Public Assistance	PA-01-RI-4089	97.036	13,647
<b>Total Department of Homeland Security</b>			<b>503,246</b>
<b>U.S. Department of Transportation:</b>			
Direct Programs:			
Airport System - Land Use Compatibility Study	3-44-0000-01	20.106	56,009
Airport System - New England General Aviation Airport System Study	3-44-0000-02	20.106	252,187
Newport - Acquire Easements- Remove Obstructions	3-44-0002-19	20.106	49,365
T.F. Green - Final Environmental Impact Statement	3-44-0003-82	20.106	430,001
T.F. Green - Land Acquisition 2020 No Build - Phase 1	3-44-0003-84	20.106	159,381
T.F. Green - Land Acquisition 2020 No Build - Phase 2	3-44-0003-87	20.106	239,696
T.F. Green - Land Acquisition 2020 No Build - Phase 3	3-44-0003-92	20.106	230,200
T.F. Green - Land Acquisition 2020 No-Build - Phase 4	3-44-0003-93	20.106	1,580,724
T.F. Green - Deicer Management System- Final Design	3-44-0003-96	20.106	442,096
T.F. Green - Acquire Two Airport Snow Multi-tasking Vehicles	3-44-0003-97	20.106	647,711
T.F. Green - Land Acquisition 2020 No-Build - Phase 5	3-44-0003-98	20.106	173,567
T.F. Green - PVD 16-34 (Design & Permit)	3-44-0003-101	20.106	683,448
T.F. Green - Hangar Demolition Project	3-44-0003-102	20.106	165,694
North Central - Rehabilitate Taxiway B- Design	3-44-0004-23	20.106	72,437
North Central - Clear RVZ	3-44-0004-24	20.106	212,697
North Central - Rehabilitate Taxiway B- Construction	3-44-0004-25	20.106	2,099,977
Westerly - Acquire Easements- Remove Obstructions	3-44-0005-19	20.106	78,957
Quonset- Wildlife Fencing	3-44-0006-16	20.106	131,608
Quonset- Airport Master Plan Update	3-44-0006-17	20.106	211,471
Quonset- Relocate Airfield Lighting Vault	3-44-0006-18	20.106	156,390
<b>Total Department of Transportation</b>			<b>8,073,616</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 8,576,862</b>

See Notes to Schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2013

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of RIAC and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Determination of Type A and Major Programs**

RIAC's Type A programs are determined based on the total expenditures for all federal programs of the State of Rhode Island ("State"). For the year ended June 30, 2013, the State determined that programs for which federal expenditures were greater than or equal to \$13,500,000 constituted Type A programs. RIAC had no Type A programs for the year ended June 30, 2013.

When determining those programs to be audited as major programs, the State did not require a risk assessment of RIAC's federal programs whose federal expenditures were less than \$13,500,000 (Type B programs) since the State will perform a risk assessment of Type B programs at the State level. Also, the State did not require that the Percentage of Coverage Rule, as defined in OMB Circular A-133, be complied with by RIAC since compliance with the Percentage of Coverage Rule will be applied at the State level.

**Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of the  
Financial Statements Performed in Accordance with  
Government Auditing Standards**



## **SECTION III**

TENTH SUPPLEMENTAL INDENTURE OF TRUST

among

RHODE ISLAND  
ECONOMIC DEVELOPMENT CORPORATION

and

RHODE ISLAND AIRPORT CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

Dated as of November \_\_, 2013

Governing the Issuance of and Securing:

\$ \_\_\_\_\_

Rhode Island Economic Development Corporation  
Airport Revenue Refunding Bonds

consisting of:

\$ \_\_\_\_\_ 2013 Series B (Non-AMT)

and

\$ \_\_\_\_\_ 2013 Series C (AMT)

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THIS TENTH SUPPLEMENTAL INDENTURE OF TRUST dated as of November \_\_\_, 2013, by and among the RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION (the "EDC"), a public corporation, governmental agency and public instrumentality of the State of Rhode Island and Providence Plantations (the "State"), the RHODE ISLAND AIRPORT CORPORATION, a corporation organized as a subsidiary corporation to the EDC pursuant to R.I. General Laws § 42-64-7.1 ("RIAC" or "Borrower"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the banking laws of the United States of America, as successor to State Street Bank and Trust Company, as successor to Rhode Island Hospital Trust National Bank, acting as trustee under the Indenture defined below (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the EDC, RIAC, and the Trustee have entered into a Master Indenture of Trust dated as of October 1, 1993 (the "Master Indenture"); and

WHEREAS, the EDC has issued its \$78,100,000 Airport Revenue Bonds, 1993 Series A, dated as of October 1, 1993 (the "1993 Series A Bonds") to finance a portion of the cost of the 1993 Airport Bonds Project pursuant to the Master Indenture and a First Supplemental Indenture of Trust dated as of October 1, 1993 (the "First Supplemental Indenture"); and

WHEREAS, the EDC has also issued its \$30,000,000 Airport Revenue Bonds, 1994 Series A, dated as of May 1, 1994 (the "1994 Series A Bonds") to finance a portion of the cost of the 1994 Airport Bonds Project pursuant to the Master Indenture and a Second Supplemental Indenture of Trust dated as of May 1, 1994; and

WHEREAS, the EDC has also issued its \$61,175,000 Airport Revenue Bonds, 1998 Series dated as of June 1, 1998, consisting of \$8,035,000 1998 Series A (AMT) (the "1998 Series A Bonds") and \$53,140,000 1998 Series B (Non-AMT) (the "1998 Series B Bonds" and together with the 1998 Series A Bonds, collectively, the "1998 Series Bonds"), to finance a portion of the cost of the 1998 Airport Bonds Project pursuant to the Master Indenture and a Third Supplemental Indenture of Trust dated as of June 1, 1998; and

WHEREAS, the EDC has also issued its \$50,545,000 Airport Revenue Bonds, 2000 Series dated as of May 1, 2000, consisting of \$8,380,000 2000 Series A (AMT) (the "2000 Series A Bonds") and \$42,165,000 2000 Series B (Non-AMT) (the "2000 Series B Bonds" and together with the 2000 Series A Bonds, collectively, the "2000 Series Bonds"), to finance a portion of the cost of the 2000 Airport Bonds Project pursuant to the Master Indenture and a Fourth Supplemental Indenture of Trust dated as of May 1, 2000; and

WHEREAS, the EDC has also issued its \$31,725,000 Airport Revenue Refunding Bonds, 2003 Series A dated October 9, 2003 (the "2003 Series A Bonds") to refund a portion of the 1993 Series A Bonds pursuant to the Master Indenture and a Fifth Supplemental Indenture of Trust dated October 9, 2003; and

WHEREAS, the EDC has also issued its \$52,665,000 Airport Revenue Refunding Bonds, 2004 Series A dated April 15, 2004 (the "2004 Series A Bonds") to refund a portion of the 1993 Series A Bonds and a portion of the 1994 Series A Bonds pursuant to the Master Indenture and a Sixth Supplemental Indenture of Trust dated April 15, 2004; and

WHEREAS, the EDC has also issued its \$115,255,000 Airport Revenue Bonds, 2005 Series dated June 28, 2005, consisting of \$43,545,000 2005 Series A (AMT) (the "2005 Series A Bonds"), \$27,245,000 2005 Series B (Non-AMT) (the "2005 Series B Bonds") and \$44,465,000 2005 Series C (Non-AMT) (the "2005 Series C Bonds" and together with the 2005 Series A Bonds and 2005 Series B Bonds, collectively, the "2005 Series Bonds"), to provide additional funds to RIAC, to finance, among other things, the cost of the 2005 Airport Bonds Project, to refund a portion of the 2000 Series B Bonds, to finance capitalized interest, to pay the premium for a surety bond for the 2005 Series Debt Service Reserve Account, and to finance the costs of issuing the 2005 Series Bonds, pursuant to the Master Indenture and a Seventh Supplemental Indenture of Trust dated as of June 1, 2005;

WHEREAS, the EDC has also issued its \$51,165,000 Airport Revenue Bonds, 2008 Series dated June 12, 2008, consisting of \$17,645,000 2008 Series A (AMT) (the "2008 Series A Bonds"), \$15,490,000 2008 Series B (Non-AMT) (the "2008 Series B Bonds") and \$18,030,000 2008 Series C (Non-AMT) (the "2008 Series C Bonds" and together with the 2008 Series A Bonds and 2008 Series B Bonds, collectively, the "2008 Series Bonds"), to provide additional funds to RIAC, to finance, among other things, the cost of the 2008 Airport Bonds Project, to refund a portion of the 1998 Series B Bonds, to finance capitalized interest, to fund the 2003 & 2008 Series Debt Service Reserve Account or pay the premium for a surety bond, and to finance the costs of issuing the 2008 Series Bonds, pursuant to the Master Indenture and an Eighth Supplemental Indenture of Trust dated June 1, 2008;

WHEREAS, the EDC has also issued its \$33,500,000 Airport Revenue Bonds, 2013 Series A dated June 6, 2013 (the "2013 Series A Bonds") to provide additional funds to RIAC, to finance a Deicer Management System, to finance capitalized interest, to fund the 2013 Series Debt Service Reserve Account, and to finance the costs of issuing the 2013 Series A Bonds pursuant to the Master Indenture and a Ninth Supplemental Indenture of Trust dated June 6, 2013;

WHEREAS, within the limitations of and in compliance with Articles II and XI of the Master Indenture, the EDC is authorized to issue one or more Series of Bonds; and

WHEREAS, the EDC has determined to issue two Series of Bonds consisting of the 2013 Series B Bonds and the 2013 Series C Bonds as Additional Bonds (as this and other capitalized terms used herein which are not otherwise defined are defined in the Master Indenture) under the Master Indenture in the aggregate principal amount of \$ \_\_\_\_\_ (the "2013 Series B/C Bonds"), the proceeds of which shall be used to provide funds to RIAC to refund on a current basis the outstanding 1998 Series B Bonds and the outstanding 2003 Series A Bonds and to pay the costs of issuing the 2013 Series B/C Bonds; and

WHEREAS, the Master Indenture provides at Section 210 that, in connection with the issuance of a Series of Bonds, the EDC and RIAC shall execute and deliver to the Trustee a Supplemental Indenture governing the issuance of the Series of Bonds and setting forth the provisions thereof; and

WHEREAS, the EDC has taken all necessary action to make the 2013 Series B/C Bonds, when authenticated by the Authenticating Agent and issued by the EDC, valid and binding obligations of the EDC and the EDC, and RIAC have taken all necessary action to constitute this Tenth Supplemental Indenture a valid and binding instrument for the authorization of and security for the 2013 Series B/C Bonds;

NOW, THEREFORE, THIS TENTH SUPPLEMENTAL INDENTURE FURTHER WITNESSETH: That the EDC and RIAC do hereby covenant and agree with the Trustee and with the respective Holders, from time to time, of the Outstanding 2013 Series B/C Bonds, as follows:

## ARTICLE I

### TENTH SUPPLEMENTAL INDENTURE

Section 101. Tenth Supplemental Indenture. This Tenth Supplemental Indenture is authorized and executed by the EDC and RIAC and delivered to the Trustee pursuant to and in accordance with Articles II and XI of the Master Indenture. All covenants, conditions, definitions and agreements contained in the Master Indenture shall apply with full force and effect to the 2013 Series B/C Bonds and to the Holders thereof, except as otherwise provided herein.

Section 102. Definitions. In addition to the definitions given in Article I of the Master Indenture, the following terms shall have the following meanings unless a different meaning clearly applies from the context:

“1998 Series B, 2008 Series C and 2013 Series B Debt Service Reserve Account” shall mean the Account of that name established pursuant to Section 401(e) hereof.

“1998 Series B, 2008 Series C and 2013 Series B Debt Service Reserve Requirement” shall mean \$\_\_\_\_\_ while the 1998 Series B Bonds are Outstanding, and thereafter, Maximum Annual Debt Service on the 2008 Series C Bonds and 2013 Series B Bonds.

[“2003 Series A and 2013 Series C Debt Service Reserve Account” shall mean the Account of that name established pursuant to Section 401(f) hereof.]

[“2003 Series A and 2013 Series C Debt Service Reserve Requirement” shall mean \$[1,500,000] while the 2003 Series A Bonds are Outstanding, and thereafter, Maximum Annual Debt Service on the 2013 Series C Bonds.]

“2013 Series B Bonds” shall mean the EDC’s \$\_\_\_\_\_ Airport Revenue Refunding Bonds, 2013 Series B (Non-AMT), authorized to be issued by Article II hereof.

"2013 Series B/C Bonds" shall mean the EDC's \$\_\_\_\_\_ Airport Revenue Refunding Bonds consisting of the 2013 Series B Bonds and the 2013 Series C Bonds.

["2013 Series C Debt Service Reserve Account" shall mean the Account of that name established pursuant to Section 401(f) hereof.]

["2013 Series C Debt Service Reserve Requirement" shall mean an amount equal to the Maximum Annual Debt Service on the 2013 Series C Bonds in the current or any future Fiscal Year of RIAC. For purposes of this definition, the requirement shall be the lesser of \$[1,500,000] or the principal and interest due on the 2013 Series C Bonds. Initially, such amount shall be \$[1,500,000].]

"2013 Series B/C Loan Agreement" shall mean that certain Agreement by and between the EDC and RIAC dated as of \_\_\_\_\_, 2013.

"2013 Series C Bonds" shall mean the EDC's \$\_\_\_\_\_ Airport Revenue Refunding Bonds, 2013 Series C (AMT), authorized to be issued by Article II hereof.

"Authenticating Agent" shall mean the Trustee.

"Authority" or "EDC" shall mean the Rhode Island Economic Development Corporation or any successor.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated the date of issuance, by and between RIAC and the Trustee concerning RIAC's continuing disclosure obligations with respect to the 2013 Series B/C Bonds.

"Corporation" or "RIAC" or "Borrower" shall mean the Rhode Island Airport Corporation, a public corporation organized as a subsidiary of the EDC pursuant to Rhode Island General Laws § 42-64-7.1.

"DTC" shall mean The Depository Trust Company, New York, New York, a securities depository, or its nominee, as registered Holder of the 2013 Series B/C Bonds, or its successor in that capacity.

"Exempt Facilities" shall mean airports and functionally related and subordinate facilities within the meaning of and qualifying under Section 142 of the Code.

"FAA" shall mean the Federal Aviation Administration.

"Governmental Facilities" shall mean facilities no part of which is used for a "private business use" as defined in Section 141 of the Code.

"Interest Payment Date" shall mean each January 1 and July 1, commencing on July 1, 2014.



“Master Indenture” shall mean the Master Indenture of Trust dated as of October 1, 1993 between the EDC, RIAC, and the Trustee, as supplemented and amended.

“Paying Agent” shall mean, for all purposes of the Master Indenture, with respect to the 2013 Series B/C Bonds, the Trustee or such other paying agent appointed by the Trustee.

“PFC Covenants” shall mean the covenants of RIAC set forth in Section 603 hereof.

“PFC Eligible Projects” shall mean projects of RIAC which have been approved as eligible to be paid with PFC Revenues.

“PFC Supported Bonds” shall mean (i) the portions of the 1994 Series A Bonds, [the 2003 Series A Bonds,] the 2004 Series A Bonds, the 2005 Series C Bonds and the 2013 Series C Bonds that are PFC eligible and are to be repaid with PFC Revenues and (ii) any other Additional Bonds designated as PFC Supported Bonds.

“Pledged PFC Account” shall mean the Account of that name established pursuant to Section 401 of the First Supplemental Indenture.

“Principal Payment Date” shall mean each July 1 from [July 1, 2019 through July 1, 2028].

“Proceeds” means the principal amount of the 2013 Series B/C Bonds less original issue discount, if any, plus original issue premium, if any, less underwriters’ discount plus accrued interest, if any, on the 2013 Series B/C Bonds.

“Rebate Requirement” shall mean the amount, if any, determined pursuant to Section 148(f) of the Code to be paid to the United States of America with respect to the 2013 Series B/C Bonds as described in Section 602 hereof.

“Record Date” shall mean the fifteenth day (regardless of whether a Business Day) of the calendar month immediately preceding an Interest Payment Date.

“Registrar” shall mean the keeper of the Register, which shall be the Trustee.

“Tax Regulatory Agreement” shall mean the Tax Regulatory Agreement dated as of the date of delivery of the 2013 Series B/C Bonds, by and between the EDC and RIAC.

“Tenth Supplemental Indenture” shall mean this Tenth Supplemental Indenture of Trust dated as of November \_\_\_, 2013 among the EDC, RIAC and the Trustee which supplements and amends the Master Indenture.

Section 103. Reference to Articles and Sections. Unless otherwise indicated, all references herein to particular articles or sections are references to articles or sections of this Tenth Supplemental Indenture.

## ARTICLE II

### DETAILS AND FORM OF 2013 SERIES B/C BONDS

Section 201. 2013 Series B/C Bonds. There shall be issued two Series of Bonds comprised of the 2013 Series B Bonds and the 2013 Series C Bonds pursuant to Articles II and XI of the Master Indenture in the aggregate principal amount of \$\_\_\_\_\_. The 2013 Series B Bonds will be issued in the aggregate amount of \$\_\_\_\_\_. The 2013 Series C Bonds will be issued in the aggregate amount of \$\_\_\_\_\_. The 2013 Series C Bonds will be PFC Supported Bonds. The proceeds of the 2013 Series B Bonds will be loaned by the EDC to RIAC pursuant to the 2013 Series B/C Loan Agreement to refund on a current basis (i) the outstanding 1998 Series B Bonds, and (ii) to pay certain costs of issuance of the 2013 Series B Bonds. The proceeds of the 2013 Series C Bonds will be loaned by the EDC to RIAC pursuant to the 2013 Series B/C Loan Agreement to refund on a current basis (i) [the outstanding 2003 Series A Bonds] and (ii) to pay certain costs of issuance of the 2013 Series C Bonds.

#### Section 202. Details of the 2013 Series B/C Bonds.

(a) The 2013 Series B/C Bonds shall be designated "Rhode Island Economic Development Corporation Airport Revenue Refunding Bonds", "2013 Series B" and "2013 Series C" and shall bear the terms and shall mature, subject to prior redemption, as set forth herein.

(b) The 2013 Series B Bonds shall be issued as Fixed Rate Bonds, shall be dated their date of issuance and delivery, shall be issued in denominations of \$5,000 or any whole multiple thereof, shall be lettered and numbered RB-1 upward and shall bear interest at rates, payable semiannually on each January 1 and July 1, beginning July 1, 2014, and shall mature in installments on July 1 in the years and Principal Amounts, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Rate</u>
2019	\$	%
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		

(c) The 2013 Series C Bonds shall be issued as Fixed Rate Bonds, shall be dated their date of issuance and delivery, shall be issued in denominations of \$5,000 or any whole multiple thereof, shall be lettered and numbered RC-1 upward and shall bear interest at rates, payable

semiannually on each January 1 and July 1, beginning July 1, 2014, and shall mature in installments on July 1 in the years and Principal Amounts, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Rate</u>
2014	\$	%
2015		

(d) Each 2013 Series B/C Bond shall bear interest (i) from its date of delivery, if such 2013 Series B/C Bond is authenticated prior to the first Interest Payment Date, or (ii) otherwise from the Interest Payment Date that immediately precedes the date on which such 2013 Series B/C Bond is authenticated; provided, however, that, if at the time of authentication of any 2013 Series B/C Bond, payment of interest is in default, such 2013 Series B/C Bond shall bear interest from the date to which interest has been paid.

#### Section 203. General Terms.

##### (a) Registration of Bonds in the Book-Entry Only System.

(i) The provisions of this Subsection 203(a) shall apply with respect to any 2013 Series B/C Bond registered to CEDE & CO. or any other nominee of The Depository Trust Company ("DTC") while the Book Entry Only System (meaning the system of registration described in paragraph (ii) of this Subsection 203(a)) is in effect.

(ii) The 2013 Series B Bonds and the 2013 Series C Bonds shall each be issued in the form of a separate single authenticated fully registered bond in substantially the form set forth in Exhibit A and Exhibit B, respectively, and in the amount of each separate stated maturity of the 2013 Series B Bonds and 2013 Series C Bonds, as applicable. On the date of original delivery thereof, the 2013 Series B/C Bonds shall be registered in the registry books of the Trustee in the name of CEDE & CO., as nominee of DTC as agent for the EDC in maintaining the Book Entry Only System. With respect to 2013 Series B/C Bonds registered in the registry books kept by the Trustee in the name of CEDE & CO., as nominee of DTC, the EDC, RIAC and the Trustee shall have no responsibility or obligation to any Participant (which means securities brokers and dealers, banks, trust companies, clearing corporations and various other entities, some of whom or their representatives own DTC) or to any Beneficial Owner (which means, when used with reference to the Book Entry Only System, the person who is considered the beneficial owner of the Bonds pursuant to the arrangements for book entry determination of ownership applicable to DTC) with respect to the following: (A) the accuracy of the records of DTC, CEDE & CO. or any Participant with respect to any ownership interest in the 2013 Series B/C Bonds, (B) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the 2013 Series B/C Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of or premium, if any, or interest on the 2013 Series B/C Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the 2013 Series B/C Bonds only to or upon the order of DTC, and all such payments shall be valid and effective fully to satisfy and discharge the EDC's obligations with respect to the principal of and premium, if any, and interest on such 2013 Series B/C Bonds to

the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated 2013 Series B/C Bond evidencing the obligation of the EDC to make payments of principal of and premium, if any, and interest pursuant to this Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of CEDE & CO., the words "CEDE & CO." in this Agreement shall refer to such new nominee of DTC.

Upon receipt by the EDC and the Trustee of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities, the EDC shall issue, and the Trustee shall transfer and exchange 2013 Series B/C Bonds as requested by DTC in appropriate amounts, and whenever DTC requests the EDC and the Trustee to do so, the Trustee and the EDC will cooperate with DTC in taking appropriate action after reasonable notice (A) to arrange for a substitute bond depository willing and able upon reasonable and customary terms to maintain custody of the 2013 Series B/C Bonds or (B) to make available 2013 Series B/C Bonds registered in whatever name or names the Holders transferring or exchanging such 2013 Series B/C Bonds shall designate.

In the event the EDC determines that it is in the best interests of the Beneficial Owners that they be able to obtain 2013 Series B/C Bond certificates, the EDC may so notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of 2013 Series B/C Bond certificates. In such event, the EDC shall issue, and the Trustee shall transfer and exchange 2013 Series B/C Bond certificates as requested by DTC in appropriate amounts and in authorized denominations. Whenever DTC requests the EDC and the Trustee to do so, the Trustee and the EDC will cooperate with DTC in taking appropriate action after reasonable notice to make available 2013 Series B/C Bonds registered in whatever name or names the Beneficial Owners transferring or exchanging 2013 Series B/C Bonds shall designate.

Notwithstanding any other provision of this Agreement to the contrary, so long as any 2013 Series B/C Bond is registered in the name of CEDE & CO., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such 2013 Series B/C Bond and all notices with respect to such 2013 Series B/C Bond shall be made and given, respectively, to DTC as provided in the Blanket Letter of Representation dated June 12, 1996 (the "Representation Letter").

Notwithstanding any provision in this Section 203 to the contrary, so long as all of the 2013 Series B/C Bonds Outstanding are held in the Book Entry Only System, if less than all of the 2013 Series B/C Bonds of any one maturity are to be redeemed upon any redemption of 2013 Series B/C Bonds hereunder, the particular 2013 Series B/C Bonds or portions of 2013 Series B/C Bonds of such maturity to be redeemed shall be selected by DTC in such manner as DTC may determine.

(b) Cancellation and Destruction of 2013 Series B/C Bonds. All 2013 Series B/C Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such 2013 Series B/C Bonds, together with all 2013 Series B/C Bonds purchased by the Trustee and all 2013 Series B/C Bonds surrendered in any exchanges or transfers, shall thereupon be promptly canceled. All 2013 Series B/C Bonds acquired and owned by RIAC and delivered to the Trustee for cancellation shall be deemed paid

and shall be promptly canceled. 2013 Series B/C Bonds so canceled may at any time be cremated or otherwise destroyed by the Trustee, which shall execute a certificate of cremation or destruction by the signature of one of its authorized officers describing the 2013 Series B/C Bonds so cremated or otherwise destroyed and retained by the Trustee.

(c) Replacement of 2013 Series B/C Bonds. If the Book-Entry Only System is in effect, the EDC shall cause a replacement bond to be executed and delivered to DTC or its appropriate custodial agent. If the Book-Entry Only System is not in effect, replacement 2013 Series B/C Bonds shall be issued pursuant to applicable law as a result of the destruction, loss or mutilation of the 2013 Series B/C Bonds. The costs of a replacement shall be paid or reimbursed by the applicant, who shall indemnify the EDC, the Trustee and RIAC against all liability and expense in connection therewith.

(d) Interest on the 2013 Series B/C Bonds shall be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and all such determinations and calculations shall be made by the Trustee.

If the Principal Amount of any 2013 Series B/C Bond is not paid when due (whether at maturity, by sinking fund redemption, upon acceleration or call for redemption or otherwise), then the overdue Principal Amount shall continue to bear Interest until paid at the rate applicable to such 2013 Series B/C Bond.

Section 204. Medium and Place of Payment. Interest on the 2013 Series B/C Bonds shall be paid by check or draft of the Trustee, mailed to the Holder as of the applicable Record Date at such Holder's address as it appears on the Register or at such other address as is furnished to the Trustee in writing by such Holder; provided, however, that so long as the 2013 Series B/C Bonds are registered in the name of DTC, or its nominee, or at the option of any other Holder of at least \$1,000,000 of 2013 Series B/C Bonds, payment will be made by wire transfer. No Interest shall accrue on any payment mailed on or before the Interest Payment Date by check or draft to the most recent address of the Holder shown on the Register or on any wire transfer made to DTC or the Holder of at least \$1,000,000 of 2013 Series B/C Bonds on or before the Interest Payment Date.

Section 205. Form of 2013 Series B/C Bonds. The 2013 Series B Bonds shall be in substantially the form set forth in Exhibit A hereto. The 2013 Series C Bonds shall be in substantially the form set forth in Exhibit B hereto.

Section 206. Delivery of 2013 Series B/C Bonds. The Authenticating Agent shall authenticate and deliver the 2013 Series B/C Bonds when there have been filed with or delivered to the Trustee all items required by Section 210 of the Master Indenture.

### ARTICLE III

#### REDEMPTION OF 2013 SERIES B/C BONDS

Section 301. Redemption Dates and Prices.

(a) The 2013 Series B/C Bonds may not be called for redemption prior to maturity by the EDC except as provided herein and in Article III of the Master Indenture.

(b) The 2013 Series B Bonds maturing prior to July 1, 20\_\_\_ may not be called for optional redemption prior to maturity. The 2013 Series B Bonds maturing on or after July 1, 20\_\_\_, shall be subject to optional redemption by the EDC at the direction of RIAC on or after July 1, 20\_\_\_, from optional prepayments made by RIAC under the 2013 Series B/C Loan Agreement, in whole or in part at any time, at par plus Interest accrued to the date fixed for redemption.

(c) The 2013 Series C Bonds are not subject to optional redemption prior to maturity.

(d) Any such optional redemption pursuant to Section 301(b) hereof shall be exercised by written notice from EDC to the Trustee, which notice shall be received by the Trustee not later than five (5) Business Days prior to the date on which notice is required to be given by the Trustee pursuant to Section 306 (unless a later date for such notice to the Trustee is acceptable to the Trustee). Any such notice shall state that the EDC is electing to exercising its right of optional redemption at the direction of RIAC pursuant to the terms of Section 301(b) shall specify the amount of 2013 Series B Bonds to be redeemed, and shall specify the proposed redemption date (not sooner than the earliest date that will allow notice to be sent in accordance with Section 306).

#### Section 302. Mandatory Sinking Fund Redemption.

(a)(1) The 2013 Series B Bonds maturing on July 1, 20\_\_\_ are subject to mandatory redemption in part through sinking fund installments on July 1 of each year commencing July 1, 20\_\_\_ at a redemption price equal to the Principal Amount thereof together with accrued interest to the redemption date, in the aggregate Principal Amount set forth below:

<u>Year</u>	<u>Principal Amount</u>
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\*Maturity

(2) The 2013 Series B Bonds maturing on July 1, 20\_\_\_ are subject to mandatory redemption in part through sinking fund installments on July 1 of each year commencing July 1, 20\_\_\_ at a redemption price equal to the Principal Amount thereof together with accrued interest to the redemption date, in the aggregate Principal Amount set forth below:

<u>Year</u>	<u>Principal Amount</u>
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\*Final Maturity

(b) At its option, to be exercised on or before the forty-fifth (45<sup>th</sup>) day next preceding any such applicable Sinking Fund Redemption Date, the EDC may:

(1) cause to be paid to the Trustee for deposit in the Bond Fund such amount, or direct the Trustee to use moneys in the applicable Redemption Account in such amount as the EDC may determine, accompanied by a certificate signed by the Authorized Representative directing the Trustee to apply such amount to the EDC's purchase of the applicable 2013 Series B Bonds, pursuant to arrangements for such purchase made by the EDC, and the Trustee shall apply such funds as directed in such instruction, in the purchase of such 2013 Series B Bonds to be made by the EDC at a price not exceeding the Principal Amount thereof plus accrued interest to such Sinking Fund Redemption Date (and upon consummation of such purchase, such 2013 Series B Bonds shall be presented to the Trustee by the EDC for cancellation); or

(2) receive a credit against its sinking fund redemption obligation for the applicable 2013 Series B Bonds which, prior to such date, have been purchased by the EDC and presented to the Trustee for cancellation or redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Trustee and, in either case, not theretofore applied as a credit against any sinking fund redemption obligation.

(c) Each 2013 Series B Bond so purchased, delivered or previously redeemed shall be credited by the Trustee at 100% of the Principal Amount thereof against the obligation of the EDC on such sinking fund redemption date. Any excess over such obligation shall be credited against applicable future sinking fund redemption obligations, or deposits with respect thereto, in chronological order and the Principal Amount of such 2013 Series B Bonds to be redeemed by operation of the mandatory sinking fund shall be accordingly reduced. Any funds received by the Trustee pursuant to subsection (b)(1) of this Section, but not expended for the purchase of 2013 Series B Bonds on or before said forty-fifth (45<sup>th</sup>) day, shall be retained in the Bond Fund and shall thereafter be used only for the purchase of 2013 Series B Bonds, as a credit against future sinking fund obligations, or deposits with respect thereto, in chronological order, as directed by the EDC.

Section 303. Partial Redemption of 2013 Series B Bonds. Upon the selection and call for redemption of, and the surrender of, any 2013 Series B Bond for redemption in part only, the EDC shall cause to be executed and the Authenticating Agent shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the EDC, a new 2013 Series B Bond or 2013 Series B Bonds of authorized denominations and like tenor, in an aggregate face amount equal to the unredeemed portion of the 2013 Series B Bond surrendered.

Section 304. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the 2013 Series B Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2013 Series B Bonds on such date. If on the date fixed for redemption, moneys for payment of the redemption price and accrued Interest are held by the Paying Agent as provided herein, Interest on such 2013

Series B Bonds so called for redemption shall cease to accrue, such 2013 Series B Bonds shall cease to be entitled to any benefit or security hereunder and under the Master Indenture except the right to receive payment from the moneys held by the Paying Agent and the amount of such 2013 Series B Bonds so called for redemption shall be deemed paid and no longer Outstanding.

Section 305. Method of Selecting Bonds for Redemption.

(a) Except when registration of the 2013 Series B Bonds is maintained pursuant to the DTC book-entry only system, 2013 Series B Bonds shall be selected for redemption as follows: (i) in the event that less than all of the 2013 Series B Bonds of a particular series are to be redeemed, the applicable series, the maturities to be redeemed and the method of their selection shall be determined by the EDC, and (ii) in the event that less than all 2013 Series B Bonds of a maturity are to be redeemed, the 2013 Series B Bonds of such maturity to be redeemed shall be selected by lot in such customary manner as the Trustee shall determine.

(b) Upon the selection and call for redemption of, and the surrender of, any 2013 Series B for redemption in part only, the EDC shall cause to be executed, authenticated and delivered to or upon the written order of the Holder thereof, at the expense of the EDC, new 2013 Series B Bonds in fully registered form of authorized denominations and like tenor in an aggregate face amount equal to the unredeemed portion of the 2013 Series B Bonds surrendered.

(c) When registration of the 2013 Series B Bonds is maintained pursuant to a DTC book-entry only system, the 2013 Series B Bonds shall be selected for redemption in such customary manner as the securities depository shall determine.

Section 306. Notice of Redemption. During the period that DTC or Cede & Co. is the registered owner of the 2013 Series B Bonds, DTC and not the Trustee shall be responsible for mailing (or otherwise sending in accordance with DTC procedures) notices of redemption to the Beneficial Owners of the 2013 Series B Bonds.

Each notice of redemption of 2013 Series B Bonds shall specify: (a) the date fixed for redemption, (b) the Principal Amount of 2013 Series B Bonds or portions thereof to be redeemed, (c) the applicable redemption price, (d) the place or places of payment, (e) that payment of the Principal Amount and Redemption Premium, if any, will be made upon presentation and surrender to the Trustee or Paying Agent, as applicable, of the 2013 Series B Bonds to be redeemed, (f) that Interest accrued to the date fixed for redemption will be paid as specified in such notice, (g) that on and after said date Interest on 2013 Series B Bonds which have been redeemed will cease to accrue, (h) the designation, including Series, date of issue, and the CUSIP numbers of the 2013 Series B Bonds to be redeemed and, if less than the face amount of any 2013 Series B Bonds is to be redeemed, the Principal Amount to be redeemed, and (i) that the proposed redemption is conditioned on there being on deposit in the Redemption Fund on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed.

The Trustee shall give or cause to be given notice of any redemption not less than thirty (30) nor more than sixty (60) days prior to the date set for redemption by registered or certified mail to the Holder of each such 2013 Series B Bonds to be redeemed in whole or in part at its



address as it appears on the registration books maintained by the Trustee. Failure to give any notice to the Holder or any defect therein, shall not affect the validity of any proceedings for the redemption of any 2013 Series B Bonds with respect to which no such failure has occurred.

Any notice of redemption may be rescinded by the EDC by written order given to the Trustee not later than five (5) Business Days prior to the date specified for redemption. Upon receipt of such written order, the Trustee shall promptly disseminate notice of such rescission in the same manner, to the same persons, as the notice of redemption was given.

#### ARTICLE IV

##### PROCEEDS OF 2013 SERIES B/C BONDS AND FLOW OF FUNDS

Section 401. Creation of Accounts. In addition to the funds and accounts established by the Master Indenture, there are hereby created and established, the following Accounts:

(a) In accordance with Section 401 of the Master Indenture, a 2013 Series B/C Cost of Issuance Account in the Construction Fund, to be held by the Trustee.

(b) In accordance with Section 601 of the Master Indenture, a 2013 Series B/C Interest Account in the Bond Fund, to be held by the Trustee.

(c) In accordance with Section 601 of the Master Indenture, a 2013 Series B/C Principal Account in the Bond Fund, to be held by the Trustee.

(d) In accordance with Section 601 of the Master Indenture, a 2013 Series B/C Redemption Account in the Bond Fund, to be held by the Trustee.

(e) In accordance with Section 601 of the Master Indenture, a 1998 Series B, 2008 Series C and 2013 Series B Debt Service Reserve Account in the Debt Service Reserve Fund, to be held by the Trustee for the purpose specified in Section 501 hereof.

(f) In accordance with Section 601 of the Master Indenture, [a 2013 Series C Debt Service Reserve Account in the Debt Service Reserve Fund, to be held by the Trustee into which will be deposited the monies specified in Section 402(d) hereof][a 2003 Series A and 2013 Series C Debt Service Reserve Account in the Debt Service Reserve Fund, to be held by the Trustee for the purpose specified in Section 501 hereof].

(g) In accordance with Section 601 of the Master Indenture, a 2013 Series B Rebate Account and a 2013 Series C Rebate Account in the Rebate Fund, to be held by the Trustee.

Section 402. Application of 2013 Series B/C Bond Proceeds and Other Available Monies. Upon receipt by the EDC, all Proceeds of the 2013 Series B/C Bonds shall be loaned to RIAC. RIAC hereby directs the Trustee to apply the Proceeds of the 2013 Series B/C Bonds, together with other available monies of RIAC in the amount of \$[1,500,000] deposited with the Trustee, as follows:

(a) \$\_\_\_\_\_ shall be deposited in the 1998 Series B Redemption Account in the Bond Fund and used to redeem all or a portion of the outstanding 1998 Series B Bonds on \_\_\_\_\_, 2013;

(b) \$\_\_\_\_\_ shall be deposited in the 2003 Series A Redemption Account in the Bond Fund and used to redeem all or a portion of the outstanding 2003 Series A Bonds on \_\_\_\_\_, 2013;

(c) \$\_\_\_\_\_ shall be deposited in the 2013 Series B/C Series Cost of Issuance Account in the Construction Fund;

[(d) \$[1,500,000] shall be deposited in the 2013 Series C Debt Service Reserve Account in the Debt Service Reserve Fund to satisfy the 2013 Series C Debt Service Reserve Requirement.]

Section 403. Application of Monies in the 2013 Series B/C Cost of Issuance Account.. Payments should be made by the Trustee from the 2013 Series B/C Cost of Issuance Account, upon receipt of a properly executed requisition in the form attached hereto as Exhibit C.

## ARTICLE V

### SECURITY FOR 2013 SERIES B/C BONDS

Section 501. Security for 2013 Series B/C Bonds. The 2013 Series B/C Bonds shall be issued pursuant to the Master Indenture and this Tenth Supplemental Indenture and shall be equally and ratably secured under the Master Indenture and this Tenth Supplemental Indenture with any other Series of Bonds issued pursuant to the Master Indenture, without preference, priority or distinction of any 2013 Series B/C Bond over any other Series of Bonds, with respect to the Trust Estate, including (i) Net Revenues, (ii) moneys and investments in certain Funds and Accounts pledged under the Indenture, including, (a) primarily, the accounts in the Bond Fund and in the Debt Service Reserve Fund established pursuant to Section 402 hereof, and (b) with respect to the 2013 Series C Bonds only, the Pledged PFC Account, and (iii) the EDC's interest in the 2013 Series B/C Loan Agreement, including the right to receive Loan Payments from RIAC. The 2013 Series C Bonds along with the 1994 Series A Bonds, [the 2003 Series A Bonds,] the 2004 Series A Bonds and the 2005 Series C Bonds are hereby designated as PFC Supported Bonds and shall have the benefit of the PFC Covenants. The 1998 Series B Bonds remaining Outstanding after the date hereof, the 2008 Series C Bonds and the 2013 Series B Bonds shall, consistent with Section 606 of the Master Indenture, be secured on a pooled basis by the 1998 B and 2008 C Series Debt Service Reserve Account which shall be renamed the 1998 Series B, 2008 Series C and 2013 Series B Debt Service Reserve Account. [The 2003 Series A Bonds remaining Outstanding after the date hereof and the 2013 Series C Bonds shall, consistent with Section 606 of the Master Indenture, be secured on a pooled basis by the funds securing the 2003 Series A Bonds in the 2003 & 2008 Series Debt Service Reserve Account which funds shall be transferred from such account to the 2003 Series A and 2013 Series C Debt Service Reserve Account created pursuant to Section 401(f) hereof].

Section 502. Faith and Credit of State Not Pledged. The 2013 Series B/C Bonds do not now and shall never constitute a general obligation of the EDC or a debt or pledge of the faith and credit of the State, and all covenants and undertakings by the EDC hereunder and under the 2013 Series B/C Bonds and the 2013 Series B/C Loan Agreement to make payments are special obligations of the EDC payable solely from the Net Revenues, Trust Estate and funds pledged hereunder and under the 2013 Series B/C Loan Agreement.

## ARTICLE VI

### COVENANTS

Section 601. General Tax Covenant. The EDC and RIAC covenant to take all actions necessary to comply with the Tax Regulatory Agreement. Notwithstanding any provision in the Master Indenture or this Tenth Supplemental Indenture, the EDC and RIAC shall take all lawful action necessary under the Code to ensure that interest on the 2013 Series B/C Bonds will remain exempt from federal income taxation to the extent provided in Section 103 of said Code and will refrain from taking any action which will cause interest on the 2013 Series B/C Bonds to lose the benefit of the exclusion from gross income provided by Section 103(a) of the Code. Neither the EDC nor RIAC shall use or permit the use of any moneys held by the EDC, RIAC or the Trustee under this Tenth Supplemental Indenture in any manner which would result in the 2013 Series B/C Bonds being classified as private activity bonds within the meaning of Section 141 of the Code or as arbitrage bonds within the meaning of Section 148 of the Code.

The provisions of this Section 601 shall be complied with by the EDC and RIAC in order to meet the requirements of the Code such that interest on the 2013 Series B/C Bonds shall be and remain exempt from federal income taxes to the extent provided in Section 103 of the Code; provided, however, that the EDC and RIAC shall not be required to comply with any such provision with respect to the 2013 Series B/C Bonds in the event the EDC and RIAC receive an opinion of nationally recognized bond counsel that compliance with such provision is no longer required to satisfy the requirements of the Code or that compliance with some other provision in lieu of a provision specified in this Section 601 will satisfy said requirements, in which case compliance with such other provision specified in the opinion of nationally recognized bond counsel shall constitute compliance with the provisions specified in this Section 601. The EDC shall adopt a Supplemental Indenture of Trust reflecting the deletion or substitution of any such provision of this Section 601 in the same manner as provided for Supplemental Indentures authorized in accordance with Section 1101 of the Master Indenture.

Section 602. Continuing Disclosure. RIAC and the Trustee hereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Tenth Supplemental Indenture, failure of RIAC or the Trustee to comply with this covenant or the Continuing Disclosure Agreement shall not be considered an Event of Default; however, subject to Section 903 of the Master Indenture, and if the Trustee shall have been indemnified as provided in Section 1002 of the Master Indenture, then the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owners of the Obligations of at least twenty-five

percent (25%) in aggregate principal amount of Outstanding Obligations, shall) or any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause RIAC or the Trustee, as the case may be, to comply with its obligations under this Section 602.

Section 603. Covenants of RIAC Regarding PFC's. (a) RIAC covenants that it will comply with the PFC Act, the PFC Regulations, including the assurances thereunder and the terms and conditions of the PFC approval. RIAC will not take any action or omit to take any action with respect to PFC Revenue, approved PFC projects, or otherwise if such action or omission would, pursuant to the PFC Regulations, cause the termination of RIAC's authority to impose PFCs or prevent the use of the PFC Revenue as contemplated hereunder.

(b) RIAC covenants that it will not impose any notice restriction which does not comply with the Airport Noise and Capacity Act of 1990 Publ. L. 101-508 title IX Subtitle D (the "Noise Act"). In the case of a dispute with the FAA, RIAC will suspend any restriction until the legality of the restriction is determined and will withdraw any restriction if necessary to avoid a termination of the right to impose a PFC.

(c) RIAC covenants that it will impose the PFC to the full extent authorized.

(d) RIAC covenants that it will increase total PFC Revenues by the appropriate amount up to fifteen (15%) percent as provided under section 158.37(a) of the PFC Regulations, if needed and eligible to be used to pay the Principal Amount of, Redemption Premium, if any, or Interest on the PFC Supported Bonds.

(e) RIAC covenants that it will, pursuant to section 158.37(b) of the PFC Regulations, seek an increase in total PFC Revenue beyond that which it may unilaterally implement, if needed and eligible to be used to pay the Principal Amount of, Redemption Premium, if any, or Interest on the Outstanding PFC Supported Bonds.

(f) RIAC covenants that it will not decrease the total amount of PFC Revenue to be collected as long as debt service remains to be paid on Outstanding PFC Supported Bonds issued to carry out approved PFC projects.

(g) RIAC covenants that it will take all action reasonably necessary to cause all collecting carriers to collect and remit to RIAC all PFC Revenue required by the PFC Regulations to be so collected and remitted to RIAC.

(h) In the event that the FAA begins proceedings to terminate RIAC's authority to impose a PFC, pursuant to section 158.85 of the PFC Regulations, through a notice of proposed termination in the Federal Register, RIAC will use its best efforts to avoid termination by (1) complying with FAA-prescribed corrective action contained in the notices; (2) contesting the FAA's proposed termination action; (3) reaching an accommodation with the FAA; or (4) any combination of the foregoing.

(i) In the event that RIAC's authority to impose a Passenger Facility Charge is ever terminated, in whole or in part, by the Federal Aviation Administration and after such termination RIAC projects that the Amounts Available to Pay Debt Service will be less than 125% of Annual Debt Service, RIAC will exercise its right under Article VI, Section (E)(1) of the Airline Agreements to increase the airline landing fees by an amount sufficient to enable Amounts Available to Pay Debt Service to equal at least 125% of Annual Debt Service.

## ARTICLE VII

### MISCELLANEOUS

Section 701. Notices Unless otherwise expressly provided, all notices to the EDC, RIAC, the Trustee and the Paying Agent shall be in writing and shall be sent by registered or certified mail, postage prepaid, or delivered during business hours as follows: (i) to the EDC at its office at 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908, attention of Executive Director, with a copy to general counsel for the EDC, Thomas E. Carlotto, Esquire, Shechtman Halperin Savage, LLP, 1080 Main Street, Pawtucket, RI 02860, (ii) to RIAC at its office at 2000 Post Road, Warwick, Rhode Island 02886, attention of President and CEO, with a copy to Peter A. Frazier, General Counsel to RIAC and (iii) to the Trustee and Paying Agent, U.S. Bank National Association, Corporate Trust Department, One Federal Street, 8<sup>th</sup> Floor, Boston, Massachusetts 02110, or, as to all of the foregoing, to such other address as the addressees shall have indicated by prior written notice to the one giving notice. If mailed, any notice given under this section shall be deemed given upon mailing, and if delivered, such notice shall be deemed given upon receipt by the party for whom it was intended.

Notice hereunder may be waived prospectively or retrospectively by the person entitled to the notice, but no waiver shall affect any notice requirement as to other persons.

Section 702. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Tenth Supplemental Indenture or the 2013 Series B/C Bonds is intended or shall be construed to give any person other than the parties hereto, the Holders of the 2013 Series B/C Bonds and any Paying Agents, Registrars and Authentication Agents any legal or equitable right, remedy or claim under or in respect to this Tenth Supplemental Indenture or any covenants, conditions and provisions herein contained; this Tenth Supplemental Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the 2013 Series B/C Bonds and any Paying Agents, Registrars and Authentication Agents as herein provided.

Section 703. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the 2013 Series B/C Bonds issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 704. Governing Law. This Tenth Supplemental Indenture and the 2013 Series B/C Bonds are contracts made under the laws of the State of Rhode Island and shall be governed and construed in accordance with such laws.

Section 705. Counterparts. This Tenth Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 706. Binding Effect. This Tenth Supplemental Indenture shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns subject to the limitations contained herein.

**\*Signatures on Next Page\***

IN WITNESS WHEREOF, the EDC, RIAC and the Trustee have caused this Tenth Supplemental Indenture to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

RHODE ISLAND ECONOMIC  
DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Authorized Officer

RHODE ISLAND AIRPORT CORPORATION

By: \_\_\_\_\_  
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

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EXHIBIT A

THE 2013 SERIES B BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN A SPECIAL AND LIMITED OBLIGATION OF THE EDC) AND NEITHER THE FAITH AND CREDIT NOR THE TAKING OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2013 SERIES B BONDS OR THE INTEREST THEREON. THE EDC HAS NO TAXING POWER.

No. RB-

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
AIRPORT REVENUE REFUNDING BOND  
2013 SERIES B

Principal Amount: \$ CUSIP:

Maturity Date: July 1,

Interest Rate Per Annum: %

Registration Date: \_\_\_\_\_, 2013

Registered Owner: CEDE & CO.

Date: \_\_\_\_\_, 2013

The Rhode Island Economic Development Corporation (herein called the "EDC"), a governmental agency and public instrumentality of the State of Rhode Island and Providence Plantations (the "State") for value received, hereby promises to pay to the Registered Owner, or registered assigns, but solely from the sources provided for that purpose as hereinafter specified and not otherwise, on the Maturity Date, unless redeemed prior thereto as hereinafter provided, the Principal Amount, and to pay Interest at the Interest Rate on such Principal Amount from the most recent January 1 or July 1, commencing July 1, 2014 (each an "Interest Payment Date") to which interest has been paid or provided for or, if no interest has been paid, from the Date specified above until payment of such Principal Amount has been made or provided for. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. If any Interest Payment Date is not a Business Day, the Interest or the Principal Amount shall be paid on the next succeeding Business Day with no additional interest accruing. "Business Day" shall mean any day of the week other than Saturday, Sunday or a day which shall be, in the State, the State of New York or in the jurisdiction in which the principal Corporate Trust Office of the Trustee or the principal office of the Registrar is located, a legal holiday or a day on which banking corporations are authorized or obligated by law or executive order to close. Payment of the Principal Amount or Redemption Premium, if any, and Interest on this bond shall be in any coin



or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public or private debts.

The Depository Trust Company, New York, New York ("DTC") has been appointed to act as securities depository for the 2013 Series B Bonds. For so long as DTC acts as securities depository, beneficial ownership interests in the 2013 Series B Bonds shall be evidenced by a book-entry system maintained by DTC. The ownership of one fully registered bond for each maturity has been registered in the name of Cede & Co., as nominee of DTC. For as long as DTC continues to act as securities depository, the Principal Amount, Redemption Premium, if any and Interest on this bond is payable by check or draft mailed or by wiring funds from the Trustee (from available funds held under the Indenture), as Paying Agent, to DTC to be remitted to its Participants for subsequent disbursement to the Beneficial Owners determined as of the close of business on the Record Date for Payment, as that term is defined herein. If no securities depository holds the 2013 Series B Bonds, Interest shall be payable by check or draft mailed to the Holder of a bond at the address of such Holder as it appears on the Register of the EDC, kept by the Trustee, as Registrar, on the applicable Record Date for Payment, and payment of the Principal Amount hereof shall be made by check or draft upon presentation and surrender of the bond to Paying Agent. Notwithstanding the foregoing, payments of the Principal Amount, Redemption Premium, if any, and Interest may be paid, at the election of any Holder of at least \$1,000,000 in Principal Amount of the Bonds, by wire transfer within the continental United States to the bank account number of such Holder on file with the Registrar as of the Record Date for Payment. The Record Date for Payment of interest is the fifteenth day preceding the date on which the interest is to be paid or, if such day is not a Business Day, the next preceding Business Day, provided that, with respect to overdue interest or interest payable on redemption of this bond other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Trustee will give notice of a Special Record Date by mailing a copy of such notice to DTC (or to the Holders of the Bonds if there is no securities depository) in such other time and manner as the Trustee may deem appropriate.

THE PRINCIPAL OF OR REDEMPTION PRICE AND INTEREST ON THE 2013 SERIES B BONDS ARE PAYABLE ONLY FROM THE REVENUES OR ASSETS OF THE EDC PLEDGED THEREFOR AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THIS BOND. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THIS BOND.

This bond is one of a duly authorized issue of bonds of the EDC (herein called the "2013 Series B Bonds"), issued and to be issued in the aggregate principal amount of \$ \_\_\_\_\_ pursuant to (a) Chapter 64 of Title 42 of the General Laws of Rhode Island, 1956, as amended (the "Act"), (b) a resolution of the EDC duly adopted on \_\_\_\_\_, 2013, and (c) a resolution of RIAC duly adopted on \_\_\_\_\_, 2013, and under and pursuant to a Master Indenture of Trust dated as of October 1, 1993, as supplemented and amended (the "Master Indenture"), by and among the EDC, the Rhode Island Airport Corporation ("RIAC"), and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as trustee (the "Trustee"), and

a Tenth Supplemental Indenture of Trust dated as of \_\_\_\_\_, 2013 (the "Tenth Supplemental Indenture" and together with the Master Indenture, collectively, the "Indenture"), by and among the EDC, RIAC, and the Trustee. The proceeds of the 2013 Series B Bonds will be loaned by the EDC to RIAC pursuant to a Loan Agreement dated as of \_\_\_\_\_, 2013 (the "2013 Series B/C Loan Agreement"), and will be used to refund on a current basis (i) the outstanding 1998 Series B Bonds, and (ii) to pay the costs of issuing the 2013 Series B Bonds.

This bond is a special and limited obligation of the EDC payable solely from and secured by a pledge of, equally and ratably with other Series of Bonds issued under the Master Indenture, the Trust Estate, including (i) Net Revenues, (ii) moneys and investments in certain Funds and Accounts pledged under the Indenture, including, primarily, the accounts in the Bond Fund and in the Debt Service Reserve Fund established pursuant to Section 402 of the Tenth Supplemental Indenture, and (iii) the EDC's interest in the 2013 Series B/C Loan Agreement, including the right to receive Loan Payments from RIAC. Except as provided in the Indenture, the aggregate principal amount of Bonds which may be issued thereunder is not limited and all Bonds issued and to be issued under said Indenture are and will be equally secured by the pledge and covenants provided therein.

Copies of the Indenture are on file at the office of the EDC in the City of Providence, Rhode Island, and at the principal corporate trust office of the Trustee and reference to the Indenture and any Supplements thereto and to the Act is made for a description of the pledge securing the 2013 Series B Bonds and covenants relating thereto, the manner of enforcement of the pledge, the rights and remedies of the Holders of the 2013 Series B Bonds with respect thereto, the terms and conditions upon which the 2013 Series B Bonds are issued and under which Additional Bonds may be issued thereunder in the future, the conditions upon which the Indenture may be amended with or without the consent of the Holders, and the terms upon which 2013 Series B Bonds may no longer be secured by the Indenture.

The Holder of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, to take any action with respect to an Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The 2013 Series B Bonds maturing prior to July 1, 20\_\_ are not subject to optional redemption prior to maturity. The 2013 Series B Bonds maturing on or after July 1, 20\_\_, shall be subject to redemption, at the option of the EDC, on or after July 1, 20\_\_, from optional prepayments made by RIAC under the 2013 Series B/C Loan Agreement, in whole or in part at any time at par, plus interest accrued to the date fixed for redemption.

The 2013 Series B Bonds maturing on July 1, 20\_\_ are subject to mandatory redemption in part through sinking fund installments on July 1 of each year commencing July 1, 20\_\_ at a redemption price equal to the Principal Amount thereof together with accrued interest to the redemption date, in the aggregate Principal Amount set forth below:

<u>Year</u>	<u>Principal Amount</u>
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\*Maturity

The 2013 Series B Bonds maturing on July 1, 20\_\_ are subject to mandatory redemption in part through sinking fund installments on July 1 of each year commencing July 1, 20\_\_ at a redemption price equal to the Principal Amount thereof together with accrued interest to the redemption date, in the aggregate Principal Amount set forth below:

<u>Year</u>	<u>Principal Amount</u>
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\*Final Maturity

At its option, to be exercised on or before the forty-fifth (45<sup>th</sup>) day next preceding any such applicable Sinking Fund Redemption Date, the EDC may: (a) cause to be paid to the Trustee for deposit in the Bond Fund such amount, or direct the Trustee to use moneys in the applicable Redemption Account in such amount as the EDC may determine, accompanied by a certificate signed by the Authorized Representative directing the Trustee to apply such amount to the EDC's purchase of the applicable 2013 Series B Bonds, pursuant to arrangements for such purchase made by the EDC, and the Trustee shall apply such funds as directed in such instruction, in the purchase of such 2013 Series B Bonds to be made by the EDC at a price not exceeding the Principal Amount thereof plus accrued interest to such Sinking Fund Redemption Date (and upon consummation of such purchase, such 2013 Series B Bonds shall be presented to the Trustee by the EDC for cancellation); or (b) receive a credit against its sinking fund redemption obligation for the applicable 2013 Series B Bonds which, prior to such date, have been purchased by the EDC and presented to the Trustee for cancellation or redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Trustee and, in either case, not theretofore applied as a credit against any sinking fund redemption obligation. Each 2013 Series B Bond so purchased, delivered or previously redeemed shall be credited by the Trustee at 100% of the Principal Amount thereof against the obligation of the EDC on such sinking fund redemption date. Any excess over such obligation shall be credited against applicable future sinking fund redemption obligations, or deposits with respect thereto, in chronological order and the Principal Amount of such 2013 Series B Bonds to be redeemed by operation of the mandatory sinking fund shall be accordingly reduced. Any funds received by the Trustee pursuant to subsection (b)(1) of this Section, but not expended for the purchase of 2013 Series B Bonds on or before said forty-fifth (45<sup>th</sup>) day, shall be retained in the Bond Fund and shall thereafter be used only for the purchase of 2013 Series B Bonds, as a credit against future sinking fund obligations, or deposits with respect thereto, in chronological order, as directed by the EDC.

Upon the selection and call for redemption of, and the surrender of, any 2013 Series B Bond for redemption in part only, and except when registration of the 2013 Series B Bonds is maintained pursuant to a book-entry only system, the EDC shall cause to be executed and the Authenticating Agent shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the EDC, a new 2013 Series B Bond or 2013 Series B Bonds of authorized denominations and like tenor, in an aggregate face amount equal to the unredeemed portion of the 2013 Series B Bond surrendered.

On the date designated for redemption by notice, the 2013 Series B Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2013 Series B Bonds on such date. If on the date fixed for redemption, moneys for payment of the Principal Amount, Redemption Premium, if any, and accrued interest are held by the Paying Agent, Interest on such 2013 Series B Bonds so called for redemption shall cease to accrue, such 2013 Series B Bonds shall cease to be entitled to any benefit or security under the Indenture, except the right to receive payment from moneys held by the Paying Agent and the amount of such 2013 Series B Bonds so called for redemption shall be deemed paid and no longer Outstanding.

Except when registration of the 2013 Series B Bonds is maintained pursuant to a book-entry only system, the 2013 Series B Bonds shall be selected for redemption as follows: (a) in the event that less than all of the 2013 Series B Bonds are to be redeemed, the maturities to be redeemed and the method of their selection shall be determined by the EDC, and (b) in the event that less than all 2013 Series B Bonds of a maturity are to be redeemed, the 2013 Series B Bonds of such maturity to be redeemed shall be selected by lot in such customary manner as the Trustee shall determine.

When registration of the 2013 Series B Bonds is maintained pursuant to a book-entry only system, the 2013 Series B Bonds shall be selected for redemption in such customary manner as the securities depository shall determine.

During the period that DTC or Cede & Co. is the registered owner of the 2013 Series B Bonds, the Trustee shall not be responsible for mailing notices of redemption to the Beneficial Owners of the 2013 Series B Bonds.

Each notice of redemption of 2013 Series B Bonds shall specify: (a) the date fixed for redemption, (b) the Principal Amount of the 2013 Series B Bonds or portions thereof to be redeemed, (c) the applicable Redemption Premium, if any, (d) the place or places of payment, (e) that payment of the Principal Amount and Redemption Premium, if any, will be made upon presentation and surrender to the Trustee or Paying Agent, as applicable, of the 2013 Series B Bonds to be redeemed, (f) that Interest accrued to the date fixed for redemption will be paid as specified in such notice, (g) that on and after said date Interest on the 2013 Series B Bonds which have been redeemed will cease to accrue, (h) the designation, including Series, date of issue, and the CUSIP numbers of the 2013 Series B Bonds to be redeemed and, if less than the face amount of any 2013 Series B Bonds is to be redeemed, the Principal Amount to be redeemed, and (i) that the proposed redemption is conditioned on there being on deposit in the Redemption Fund on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed.

The Trustee shall give or cause to be given notice of any redemption not less than thirty (30) nor more than sixty (60) days prior to the date set for redemption by registered or certified mail to the Holder of each such 2013 Series B Bonds to be redeemed in whole or in part at its address as it appears on the registration books maintained by the Trustee. Failure to give any notice to the Holder or any defect therein, shall not affect the validity of any proceedings for the redemption of any 2013 Series B Bonds with respect to which no such failure has occurred.

Any notice of redemption may be rescinded by the Trustee not later than five (5) Business Days prior to the date specified for redemption. Such notice shall be given in the same manner, to the same persons, as the notice of redemption was given.

No recourse shall be had for the payment of the principal or redemption price of or the interest on the 2013 Series B Bonds or for any claim based thereon or on the Indenture against any member, officer or employee of the EDC or any person executing the 2013 Series B Bonds.

The Act provides that the State of Rhode Island and Providence Plantations has pledged and agreed that it will not limit or alter the rights hereby vested in the EDC until all bonds issued by the EDC are fully met and discharged or adequate provision has been made by law for the protection of the Holders of such bonds or obligations.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed and that the issue of this bond, together with all other indebtedness of the EDC, is within every debt and other limit prescribed by law.

This bond shall not be entitled to any security, right or benefit under the Indenture or be valid or obligatory for any purpose, unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

IN WITNESS WHEREOF, the Rhode Island Economic Development Corporation has caused this bond to be executed in its name by the manual or facsimile signature of an Authorized Officer of the EDC and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and countersigned by the manual or facsimile signature of an Authorized Officer of the EDC.

(Seal)

RHODE ISLAND ECONOMIC  
DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Authorized Officer

Countersigned:

By: \_\_\_\_\_  
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This bond is one of the 2013 Series B Bonds described in the within-mentioned Indenture of the Rhode Island Economic Development Corporation.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee and Authenticating Agent

By: \_\_\_\_\_  
Authorized Officer

[Form of Opinion of Bond Counsel]

Cameron & Mittleman LLP  
301 Promenade Street  
Providence, Rhode Island 02908



## ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers this bond to \_\_\_\_\_

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or other Identifying Number of Assignee)

and irrevocably appoints \_\_\_\_\_

attorney-in-fact to transfer it on the books kept for registration of this bond with full power of substitution.

Dated: \_\_\_\_\_

NOTE: The signature to this assignment must correspond with the name as written on the face of the bond without alteration, enlargement or other change.

Signature Guaranteed:

Participant in a Recognized  
Signature Guaranty Medallion  
Program

By: \_\_\_\_\_  
Authorized Signature

## EXHIBIT B

THE 2013 SERIES C BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN A SPECIAL AND LIMITED OBLIGATION OF THE EDC) AND NEITHER THE FAITH AND CREDIT NOR THE TAKING OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2013 SERIES C BONDS OR THE INTEREST THEREON. THE EDC HAS NO TAXING POWER.

No. RC-

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
AIRPORT REVENUE REFUNDING BOND  
2013 SERIES C

Principal Amount: \$ CUSIP:

Maturity Date: July 1,

Interest Rate Per Annum: %

Registration Date: \_\_\_\_\_, 2013

Registered Owner: CEDE & CO.

Date: \_\_\_\_\_, 2013

The Rhode Island Economic Development Corporation (herein called the "EDC"), a governmental agency and public instrumentality of the State of Rhode Island and Providence Plantations (the "State") for value received, hereby promises to pay to the Registered Owner, or registered assigns, but solely from the sources provided for that purpose as hereinafter specified and not otherwise, on the Maturity Date, unless redeemed prior thereto as hereinafter provided, the Principal Amount, and to pay Interest at the Interest Rate on such Principal Amount from the most recent January 1 or July 1, commencing July 1, 2014 (each an "Interest Payment Date") to which interest has been paid or provided for or, if no interest has been paid, from the Date specified above until payment of such Principal Amount has been made or provided for. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. If any Interest Payment Date is not a Business Day, the Interest or the Principal Amount shall be paid on the next succeeding Business Day with no additional interest accruing. "Business Day" shall mean any day of the week other than Saturday, Sunday or a day which shall be, in the State, the State of New York or in the jurisdiction in which the principal Corporate Trust Office of the Trustee or the principal office of the Registrar is located, a legal holiday or a day on which banking corporations are authorized or obligated by law or executive order to close. Payment of the Principal Amount or Redemption Premium, if any, and Interest on this bond shall be in any coin

or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public or private debts.

The Depository Trust Company, New York, New York ("DTC") has been appointed to act as securities depository for the 2013 Series C Bonds. For so long as DTC acts as securities depository, beneficial ownership interests in the 2013 Series C Bonds shall be evidenced by a book-entry system maintained by DTC. The ownership of one fully registered bond for each maturity has been registered in the name of Cede & Co., as nominee of DTC. For as long as DTC continues to act as securities depository, the Principal Amount, Redemption Premium, if any and Interest on this bond is payable by check or draft mailed or by wiring funds from the Trustee (from available funds held under the Indenture), as Paying Agent, to DTC to be remitted to its Participants for subsequent disbursement to the Beneficial Owners determined as of the close of business on the Record Date for Payment, as that term is defined herein. If no securities depository holds the 2013 Series C Bonds, Interest shall be payable by check or draft mailed to the Holder of a bond at the address of such Holder as it appears on the Register of the EDC, kept by the Trustee, as Registrar, on the applicable Record Date for Payment, and payment of the Principal Amount hereof shall be made by check or draft upon presentation and surrender of the bond to Paying Agent. Notwithstanding the foregoing, payments of the Principal Amount, Redemption Premium, if any, and Interest may be paid, at the election of any Holder of at least \$1,000,000 in Principal Amount of the Bonds, by wire transfer within the continental United States to the bank account number of such Holder on file with the Registrar as of the Record Date for Payment. The Record Date for Payment of interest is the fifteenth day preceding the date on which the interest is to be paid or, if such day is not a Business Day, the next preceding Business Day, provided that, with respect to overdue interest or interest payable on redemption of this bond other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Trustee will give notice of a Special Record Date by mailing a copy of such notice to DTC (or to the Holders of the Bonds if there is no securities depository) in such other time and manner as the Trustee may deem appropriate.

THE PRINCIPAL OF OR REDEMPTION PRICE AND INTEREST ON THE 2013 SERIES C BONDS ARE PAYABLE ONLY FROM THE REVENUES OR ASSETS OF THE EDC PLEDGED THEREFOR AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THIS BOND. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THIS BOND.

This bond is one of a duly authorized issue of bonds of the EDC (herein called the "2013 Series C Bonds"), issued and to be issued in the aggregate principal amount of \$ \_\_\_\_\_ pursuant to (a) Chapter 64 of Title 42 of the General Laws of Rhode Island, 1956, as amended (the "Act"), (b) a resolution of the EDC duly adopted on \_\_\_\_\_, 2013, and (c) a resolution of RIAC duly adopted on \_\_\_\_\_, 2013, and under and pursuant to a Master Indenture of Trust dated as of October 1, 1993, as supplemented and amended (the "Master Indenture"), by and among the EDC, the Rhode Island Airport Corporation ("RIAC"), and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as trustee (the "Trustee"), and

a Tenth Supplemental Indenture of Trust dated as of \_\_\_\_\_, 2013 (the "Tenth Supplemental Indenture" and together with the Master Indenture, collectively, the "Indenture"), by and among the EDC, RIAC, and the Trustee. The proceeds of the 2013 Series C Bonds will be loaned by the EDC to RIAC pursuant to a Loan Agreement dated as of \_\_\_\_\_, 2013 (the "2013 Series B/C Loan Agreement"), and will be used to refund on a current basis (i) the outstanding 2003 Series A Bonds; and (ii) to pay the costs of issuing the 2013 Series C Bonds.

This bond is a special and limited obligation of the EDC payable solely from and secured by a pledge of, equally and ratably with other Series of Bonds issued under the Master Indenture, the Trust Estate, including (i) Net Revenues, (ii) moneys and investments in certain Funds and Accounts pledged under the Indenture, including, (a) primarily, the accounts in the Bond Fund and in the Debt Service Reserve Fund established pursuant to Section 402 of the Tenth Supplemental Indenture, and (b) the Pledged PFC Account, and (iii) the EDC's interest in the 2013 Series B/C Loan Agreement, including the right to receive Loan Payments from RIAC. The 2013 Series C Bonds along with the 1994 Series A Bonds, [the 2003 Series A Bonds,] the 2004 Series A Bonds and the 2005 Series C Bonds are hereby designated as PFC Supported Bonds and shall have the benefit of the PFC Covenants. Except as provided in the Indenture, the aggregate principal amount of Bonds which may be issued thereunder is not limited and all Bonds issued and to be issued under said Indenture are and will be equally secured by the pledge and covenants provided therein.

Copies of the Indenture are on file at the office of the EDC in the City of Providence, Rhode Island, and at the principal corporate trust office of the Trustee and reference to the Indenture and any Supplements thereto and to the Act is made for a description of the pledge securing the 2013 Series C Bonds and covenants relating thereto, the manner of enforcement of the pledge, the rights and remedies of the Holders of the 2013 Series C Bonds with respect thereto, the terms and conditions upon which the 2013 Series C Bonds are issued and under which Additional Bonds may be issued thereunder in the future, the conditions upon which the Indenture may be amended with or without the consent of the Holders, and the terms upon which 2013 Series C Bonds may no longer be secured by the Indenture.

The Holder of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, to take any action with respect to an Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

The 2013 Series C Bonds are not subject to optional redemption prior to maturity.

No recourse shall be had for the payment of the principal or redemption price of or the interest on the 2013 Series C Bonds or for any claim based thereon or on the Indenture against any member, officer or employee of the EDC or any person executing the 2013 Series B Bonds.

The Act provides that the State of Rhode Island and Providence Plantations has pledged and agreed that it will not limit or alter the rights hereby vested in the EDC until all bonds issued by the EDC are fully met and discharged or adequate provision has been made by law for the protection of the Holders of such bonds or obligations.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this bond, exist, have happened and have been performed and that the issue of this bond, together with all other indebtedness of the EDC, is within every debt and other limit prescribed by law.

This bond shall not be entitled to any security, right or benefit under the Indenture or be valid or obligatory for any purpose, unless the Certificate of Authentication hereon has been duly executed by the Authenticating Agent.

IN WITNESS WHEREOF, the Rhode Island Economic Development Corporation has caused this bond to be executed in its name by the manual or facsimile signature of an Authorized Officer of the EDC and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon and countersigned by the manual or facsimile signature of an Authorized Officer of the EDC.

(Seal)

RHODE ISLAND ECONOMIC  
DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Authorized Officer

Countersigned:

By: \_\_\_\_\_  
Authorized Officer

## CERTIFICATE OF AUTHENTICATION

This bond is one of the 2013 Series C Bonds described in the within-mentioned Indenture of the Rhode Island Economic Development Corporation.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee and Authenticating Agent

By: \_\_\_\_\_  
Authorized Officer

[Form of Opinion of Bond Counsel]

Cameron & Mittleman LLP  
301 Promenade Street  
Providence, Rhode Island 02908

## ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers this bond to \_\_\_\_\_

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or other Identifying Number of Assignee)

and irrevocably appoints \_\_\_\_\_

attorney-in-fact to transfer it on the books kept for registration of this bond with full power of substitution.

Dated: \_\_\_\_\_

NOTE: The signature to this assignment must correspond with the name as written on the face of the bond without alteration, enlargement or other change.

Signature Guaranteed:

Participant in a Recognized  
Signature Guaranty Medallion  
Program

By: \_\_\_\_\_  
Authorized Signature



EXHIBIT C

REQUISITION FOR 2013 SERIES B/C  
COST OF ISSUANCE ACCOUNT

REQUISITION NO.

RE: Airport Revenue Refunding Bonds, 2013 Series B and 2013 Series C

TO: Trustee under the Master Indenture of Trust dated as of October 1, 1993 (the "Master Indenture"), as supplemented and amended, including by the Tenth Supplemental Indenture of Trust dated as of November \_\_, 2013 (the "Tenth Supplemental Indenture" and together with the Master Indenture, collectively, the "Indenture"), all by and among the Rhode Island Economic Development Corporation, Rhode Island Airport Corporation and U.S. Bank National Association, as successor to State Street Bank and Trust Company, as trustee (the "Trustee")

This Requisition is made pursuant to the above Indenture.

The Trustee is directed to pay sums out of the Cost of Issuance Account of the Construction Fund entitled the 2013 Series B/C Cost of Issuance Account as follows:

<u>PAYEE</u>	<u>PURPOSE OF PAYMENT</u>	<u>AMOUNT</u>
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I hereby certify that

(i) the obligation mentioned herein (a) has been properly incurred, (b) is a proper charge against the 2013 Series B/C Cost of Issuance Account of the Construction Fund, (c) is currently due and payable, (d) has not been previously paid or reimbursed, and (e) has not been the basis of any previous withdrawal.

(ii) attached hereto is an invoice or bill for the amount described herein.

Capitalized terms not otherwise expressly defined herein are used herein with the meanings assigned to such terms in the Indenture.

RHODE ISLAND AIRPORT  
CORPORATION

By: \_\_\_\_\_  
Authorized Officer

LOAN AGREEMENT  
BETWEEN  
RHODE ISLAND  
ECONOMIC DEVELOPMENT CORPORATION  
AND  
RHODE ISLAND AIRPORT CORPORATION

Dated as of November \_\_\_, 2013

With Respect to  
\$ \_\_\_\_\_  
Rhode Island Economic Development Corporation  
Airport Revenue Refunding Bonds

consisting of:

\$ \_\_\_\_\_ 2013 Series B (Non-AMT)  
and  
\$ \_\_\_\_\_ 2013 Series C (AMT)

THIS LOAN AGREEMENT, dated as of November \_\_, 2013 between the RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION (the "EDC"), a public corporation, governmental agency and public instrumentality of the State of Rhode Island and Providence Plantations (the "State"), and the RHODE ISLAND AIRPORT CORPORATION (the "Corporation"), a corporation organized as a subsidiary corporation of the EDC pursuant to Rhode Island General Laws § 42-64-7.1.

WITNESSETH:

WHEREAS, the EDC has been created pursuant to the provisions of the Rhode Island Economic Development Corporation Act, Chapter 64 of Title 42 of the General Laws of Rhode Island, as amended (the "Act"), and is authorized and empowered by the Act to construct, acquire, own, repair, develop, operate, maintain, extend and improve, rehabilitate, renovate, furnish and equip port projects pursuant to the Act; and

WHEREAS, the EDC has authorized the refunding on a current basis of all or a portion of its outstanding (a) Airport Revenue Bonds, 1998 Series B (the "1998 Series B Bonds") and/or (b) Airport Revenue Refunding Bonds, 2003 Series A (the "2003 Series A Bonds" and together with the 1998 Series B Bonds, collectively, the "Refunded Bonds") (the "Refunding"); and

WHEREAS, the EDC has, pursuant to the Act and the Master Trust Indenture dated as of October 1, 1993 (the "Master Indenture") by and among the EDC, the Corporation, and U.S. Bank National Association, as trustee (the "Trustee") authorized the issuance and sale of its Airport Revenue Refunding Bonds 2013 Series in two Series in the aggregate principal amount of \$\_\_\_\_\_ consisting of \$\_\_\_\_\_ 2013 Series B Bonds (Non-AMT) (the "2013 Series B Bonds") and \$\_\_\_\_\_ 2013 Series C Bonds (AMT) (the "2013 Series C Bonds" and together with the 2013 Series B Bonds, collectively, the "2013 Series B/C Bonds") to finance the Refunding and to pay the costs of issuing the 2013 Series B/C Bonds (collectively, the "Project"); and

WHEREAS, the EDC has received all approvals and delivered all certifications required to be obtained under the Act and the Master Indenture prior to the issuance of the 2013 Series B/C Bonds; and

WHEREAS, the EDC is authorized and empowered under the Act to lend the proceeds of the 2013 Series B/C Bonds to the Corporation for the purposes listed above; and

WHEREAS, the 2013 Series B/C Bonds are to be issued under and secured by the Master Indenture, as supplemented by the Tenth Supplemental Trust Indenture dated as of November \_\_, 2013 (the "Tenth Supplemental Indenture") (collectively, the "Indenture").

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, DO HEREBY AGREE as follows:

## ARTICLE I

### DEFINITIONS

The terms defined in this Article I shall for all purposes of this Loan Agreement have the meanings specified herein, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa. Capitalized terms not defined herein shall have the same meanings as in the Master Indenture and the Tenth Supplemental Indenture.

“Agreement” or “Loan Agreement” shall mean this Loan Agreement dated as of November \_\_\_, 2013, between the EDC and the Corporation and approved by the Trustee and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

“Bond Purchase Contract” shall mean the Bond Purchase Contract dated October \_\_\_, 2013, by and among the EDC, the Corporation and Citigroup Global Capital Markets, Inc., as Underwriter of the 2013 Series B/C Bonds.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated the date of issuance, by and between RIAC and the Trustee concerning RIAC’s continuing disclosure obligations with respect to the 2013 Series B/C Bonds.

“Counsel” shall mean an attorney or firm of attorneys (who may be an employee of, or counsel to, the EDC or the Corporation) qualified to pass on the particular matter and satisfactory to the Trustee.

“Event of Bankruptcy” means: (i) the Corporation shall commence a voluntary case under the federal bankruptcy laws, or shall become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to, or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property; (ii) a trustee, receiver, custodian or similar official or agent shall be appointed for the Corporation or for any substantial part of its property, and such trustee, receiver, custodian or similar official shall not be discharged within sixty (60) days; or (iii) to the extent permitted under applicable law, the Corporation shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it to the extent such proceeding shall not be discharged within sixty (60) days.

“Event of Default” with reference to this Agreement shall mean any of the occurrences described in Section 8.01 of this Agreement.

“Facilities” shall mean the facilities of the Corporation financed and/or refinanced with the proceeds of the Refunded Bonds.

"Interest Payment Date" shall mean January 1 and July 1 of each year while any Principal Amount of the 2013 Series B/C Bonds remains Outstanding commencing July 1, 2014.

"Principal Payment Date" shall mean each July 1 commencing [July 1, 2014] through 20\_\_.

## ARTICLE II

### REPRESENTATIONS, WARRANTIES AND FINDINGS

SECTION 2.01. Representations of the EDC. The EDC makes the following representations and warranties as the basis for the undertakings on the part of the Corporation herein contained:

(a) The EDC is a public corporation, governmental agency and public instrumentality of the State;

(b) The EDC has full power and EDC under the Constitution of the State, the Act and its By-Laws to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder;

(c) The lending of the Proceeds as provided by this Agreement, will further the purposes of the Act, to wit, to promote a vigorous and growing economy, to prevent economic stagnation and to encourage new job opportunities in order to ameliorate the hazards of unemployment and underemployment, reduce the level of public assistance, increase revenues to the State and its municipalities and to achieve a stable, diversified economy;

(d) The execution and delivery of, and the performance by the EDC of its obligations under this Agreement have been duly authorized by all appropriate action by or on behalf of the EDC and this Agreement constitutes the valid and binding obligation of the EDC, enforceable in accordance with its terms, except to the extent limited by bankruptcy, insolvency or other similar laws of general application relating to or affecting the enforcement of creditors' rights;

(e) Under existing law no taxes on income or profits are imposed on the EDC;

(f) The Project will help to prevent, eliminate or reduce unemployment or underemployment in the State and will significantly benefit the economic development of the State;

(g) Adequate provision has been or will be made for the payment of the cost, acquisition, construction, operation, maintenance and upkeep of the Project and the Facilities;

(h) With respect to real property, the plans and specifications assure adequate light, air, sanitation and fire protection;

(i) The Project and the Facilities are in and remain in conformity with the applicable provisions of Chapter 42-23 of the Rhode Island General Laws (Coastal Resources Management Council Act); and

(j) The Project and the Facilities are in and remain in conformity with the applicable provisions of the State Guide Plan.

(k) The Refunding has been approved by the Governor pursuant to Rhode Island General Laws 35-18-3(c)(5).

SECTION 2.02. The Corporation makes the following representations and warranties as the basis for the undertakings on the part of the EDC herein contained:

(a) The Corporation will continue to use the Facilities as an Airport Facility (as defined in the Act and the Indenture);

(b) The Corporation has obtained or will obtain all necessary approvals, permits, consents and licenses with respect to the Project and the Facilities; and

(c) The execution and delivery of, and the performance by the Corporation and its obligations under this Agreement have been duly authorized by all appropriate action by or on behalf of the Corporation and this Agreement constitutes the valid and binding obligation of the Corporation, enforceable in accordance with its terms, except to the extent limited by bankruptcy, insolvency or other similar laws of general application relating to or affecting the enforcement of creditors' rights.

### ARTICLE III

#### THE REFUNDING ISSUANCE OF THE 2013 SERIES B/C BONDS

SECTION 3.01. In order to provide funds for the Project, the EDC, as soon as practicable after the execution of this Agreement, will issue the 2013 Series B/C Bonds, and deliver the Proceeds, to the Trustee for deposit in accordance with the Tenth Supplemental Indenture.

SECTION 3.02. The Corporation has, in the Indenture, authorized and directed the Trustee to make payments from the Construction Fund to finance the Project in the manner and in accordance with the procedures set forth in the Indenture.

The Corporation agrees that it will not submit any requisition to the Trustee which, if paid, would result in an expenditure for facilities that may not, under the Act, be financed by the EDC.

SECTION 3.03. Any moneys held as a part of the Construction Fund or any other Fund or Account created pursuant to the Indenture shall, at the written request of the Corporation be invested or reinvested by the Trustee as provided in the Indenture.

#### ARTICLE IV

##### LOAN BY EDC TO CORPORATION; REPAYMENT; PLEDGE OF TRUST ESTATE

SECTION 4.01. The EDC shall loan to the Corporation the Proceeds to finance the Project such loan to be consummated by the deposit of the Proceeds with the Trustee pursuant to the Indenture.

SECTION 4.02. The Corporation agrees to pay to the EDC as repayment of the loan of the Proceeds a sum equal to the Principal Amount of the 2013 Series B/C Bonds, together with Interest on the unpaid balances thereof at the rates payable by the EDC on such 2013 Series B/C Bonds and all other amounts which may be due to the EDC hereunder in the amounts and on the dates as follows:

(a) For the first Interest Payment Date occurring July 1, 2014, the Corporation shall deposit the entire amount due as Interest by June 30, 2014,

(b) Thereafter, on the first Business Day of each month, but in no event later than the fifth Business Day of each month commencing July 1, 2014, an amount which is equal to one-sixth (1/6th) of the next Interest payment due after such date with respect to each Series of the 2013 Series B/C Bonds, after applying any capitalized interest available therefor,

(c) On the first Business Day of each month, but in no event later than the fifth Business Day of each month commencing July 1, 2014, an amount equal to one-twelfth (1/12th) of the next principal payment or sinking fund payment due after such date with respect to each Series of the 2013 Series B/C Bonds,

(d) Following any disbursement from the 2013 Series B/C Debt Service Reserve Account in the Debt Service Reserve Fund, the Corporation will be required to replenish the 2013 Series B/C Debt Service Reserve Account by depositing additional cash to satisfy the 2013 Series B/C Debt Service Reserve Requirement not more than thirty (30) days following such disbursement.

(e) The amount of the Trustee's and Paying Agent's fees and costs when accrued and payable.

In the event the Corporation shall fail to make any of the payments required in this Section 4.02, the payment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and the Corporation will pay the same with

interest thereon (to the extent permitted by law) until paid at the rate per annum which is equal to the rate borne on each Series of the 2013 Series B/C Bonds.

SECTION 4.03. The Corporation hereby pledges, assigns and sets over to the EDC, and grants a security interest to the EDC as security for the repayment by the Corporation to the EDC of the loan made to the Corporation hereunder, all of the Corporation's right, title and interest in and to the Trust Estate as such term is defined in the Indenture. Except for the rights of the EDC to receive payments under Sections 4.06 and 5.01 of this Agreement, it is understood and agreed that all right, title and interest of the EDC in the Trust Estate, including without limitation, all payments owed to the EDC by the Corporation, and all security granted to the EDC for the payment and performance by the Corporation of amounts owed under this Agreement, are pledged, granted and assigned by the EDC to the Trustee pursuant to the terms hereof and of the Indenture. The Corporation assents to such pledge and assignment and agrees that its obligation to make such payments shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of setoff, counterclaim or recoupment arising out of any breach by the EDC of any obligation to the Corporation, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Corporation by the EDC. The EDC directs the Corporation, and the Corporation agrees, to pay to the Trustee at its corporate trust office all payments payable by the Corporation pursuant to this Agreement.

SECTION 4.04. The Corporation agrees that so long as it operates the Facilities, they will be operated as an Airport Facility as contemplated by the Act.

SECTION 4.05. The Corporation agrees that in the event the Corporation requests the EDC to issue Additional Bonds under the Indenture and the EDC agrees, the Corporation will, if necessary, enter into an amendment to this Agreement with the EDC which will contain such provisions as shall be required by the EDC or the Trustee in respect of the issuance of such Completion Bonds or Additional Bonds, including without limitation the provisions required pursuant to Section 214 of the Master Indenture.

SECTION 4.06. The Corporation covenants and agrees, at its expense, to pay and to indemnify and hold the EDC and its members, officers, employees and agents harmless of, from and against, any and all claims, damages, demands, expenses, liabilities and losses of every kind, character and nature asserted by or on behalf of any person, firm, corporation or governmental EDC arising out of, resulting from, or in any way connected with, the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation or financing of, the Project and the Facilities or any part thereof.

The Corporation also covenants and agrees, at its expense, to pay and to indemnify and hold the EDC harmless of, from and against, all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. In the event that any action or proceeding is brought against the EDC by reason of any such claim or demand, the Corporation shall, upon notice from the EDC, resist and defend such action or proceeding on behalf of the EDC.



Notwithstanding the foregoing, nothing contained in this Section 4.06 shall be construed to indemnify or release the EDC from any liability which it would otherwise have had arising from its own willful misconduct or negligence or any breach of this Agreement or the Indenture.

SECTION 4.07. The EDC covenants and agrees, at its expense, to pay and indemnify the Corporation and its members, officers, employees and agents and to hold each of them harmless from and against all claims, damages, demands, expenses (including without limitation reasonable attorneys' fees and other costs incurred in investigation and defense of any action or proceeding brought against the Corporation for which it is indemnified hereunder), liabilities and losses of every kind, character and nature asserted by or on behalf of any person, firm, corporation or governmental EDC arising out of or in any way connected to the actions, omissions, breaches, representations or misrepresentations by the EDC in connection with the issuance and sale of the 2013 Series B/C Bonds, including without limitation any breach by the EDC of its covenants given under the Indenture.

SECTION 4.08. Each and every covenant herein made is predicated upon the condition that any obligation for the payment of money incurred by the Corporation or for the taking of any action by the Corporation (or the breach of any of the foregoing obligations) shall not constitute nor give rise to a pecuniary liability or a charge against its general credit. The loan payments required to be paid at any time and any and all other charges and expenses of whatever nature shall be payable solely out of the revenues or other receipts, funds or moneys of the Corporation specifically pledged to the payment thereof in the manner and to the extent specified in the Master Indenture and nothing in this Loan Agreement shall be considered as pledging any other revenues, receipts, funds, moneys or assets of the Corporation.

## ARTICLE V

### GENERAL COVENANTS

The covenants applicable to the Corporation contained in Article VIII of the Master Indenture and Article VI of the Tenth Supplemental Indenture are hereby incorporated herein by reference as if fully set forth herein. So long as any amounts due on the 2013 Series B/C Bonds remain Outstanding, the Corporation covenants that it will comply with each of the provisions of Article V hereof and the Indenture as are applicable.

SECTION 5.01. In the event it may be necessary for the proper performance of this Agreement on the part of the EDC or the Corporation that any application or applications for any permit or license to do or perform certain things be made to any governmental or other agency by the Corporation or the EDC, the Corporation and the EDC each agree to execute, upon the request of the other, such application or applications; provided that any fees, costs or expenses of any nature incurred by the EDC pursuant to this Section shall be paid by the Corporation to the EDC.

SECTION 5.02. The Corporation has not taken, nor does it have any present intention of taking, and shall not in the future take, any action which would cause the Interest on the 2013 Series B/C Bonds to be includable in the gross income of the recipient thereof for Federal

income tax purposes. The Corporation and the EDC shall file with the Internal Revenue Service of the United States Treasury Department or any other authorized governmental agency any and all statements or other instruments required under the Internal Revenue Code including Section 103 thereof, and the regulations thereafter, in order that the Interest on the 2013 Series B/C Bonds shall continue to be excludable from the gross income of the recipient thereof for Federal income tax purposes thereunder.

SECTION 5.03. The Corporation will duly pay and discharge, or cause to be paid and discharged, before the same shall become in arrears, all taxes, assessments and other governmental charges levied or imposed upon it and its properties, sales and activities or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials or supplies which if unpaid might by law become a lien or charge upon any of its property; provided, however, that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Corporation shall, in accordance with generally accepted accounting principles, have set aside on its books adequate reserves with respect thereto; and provided, further, that the Corporation will pay all such taxes, assessments, charges, levies or claims forthwith upon the commencement or proceedings to foreclose any lien which may have attached as security therefor. The Corporation will promptly pay when due, or in accordance with customary trade terms, all other indebtedness, but not including the Corporation's indebtedness related to capital, other than the 2013 Series B/C Bonds and any Subordinated Indebtedness, incident to the operation of the Corporation; provided, however, that any such indebtedness need not be paid if the validity or amount thereof shall currently be contested in good faith and if the Corporation, in accordance with generally accepted accounting principles, shall have set aside on its books adequate reserves with respect thereto.

SECTION 5.04. If and to the extent that amounts available to pay the Cost of the Project are insufficient to complete the Project, the Corporation shall complete the Project to the extent funds are legally available.

SECTION 5.05. If the Corporation elects to pay costs of issuance for the 2013 Series B/C Bonds which exceed two percent (2%) of the Principal Amount of the 2013 Series B/C Bonds, the Corporation shall pay such costs of issuance in excess of two percent (2%) of the Principal Amount of the 2013 Series B/C Bonds from sources other than the proceeds of the 2013 Series B/C Bonds.

SECTION 5.06. The Corporation hereby covenants, except as otherwise provided below, to provide the EDC with the following information:

- (a) upon written request of the EDC, its annual audited financial statements within one hundred twenty (120) days of the end of the Fiscal Year of the Corporation,
- (b) upon written request of the EDC, its annual operating budget and capital budget within thirty (30) days of the adoption thereof

(c) upon written request of the EDC, a certificate of the Treasurer of the Corporation, attached to the annual audited financial statements, that, to the best of his or her knowledge, following a reasonable inquiry, no Event of Default has occurred under this Loan Agreement, or, if an Event of Default has occurred under this Loan Agreement, a statement as to the nature of the Event of Default and, if the Corporation has the right to undertake a cure pursuant to Section 8.01(b), a statement, in reasonable detail, of the steps, if any, being taken by the Corporation to cure such Event of Default,

(d) a copy of any official statement, private placement memorandum, or other disclosure document, prepared in connection with the Corporation's incurring any other indebtedness within thirty (30) days of the closing thereof,

(e) notice that it has failed to make any required payment hereunder within two (2) Business Days of such failure,

(f) a full original transcript of all proceedings relating to the execution of any amendment or supplement to this Loan Agreement, and

(g) copies of all reports, certificates, and notices required to be delivered by the Corporation pursuant hereto.

SECTION 5.07. The Corporation hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Loan Agreement, failure of the Corporation to comply with this covenant or the Continuing Disclosure Agreement shall not be considered an Event of Default; however, subject to Section 903 of the Master Indenture, and if the Trustee shall have been indemnified as provided in Section 1002 of the Master Indenture, then the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owners of the Obligations of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Obligations, shall) or any Bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Corporation, as the case may be, to comply with its obligations under this Section 5.07.

## ARTICLE VI

### ASSIGNMENT, LEASING AND SELLING

SECTION 6.01. The Corporation will not sell, lease or otherwise dispose of the Facilities except as provided in this Section 6.01 or as is permitted by that certain Lease and Operating Agreement dated June 25, 1993, as amended, by and among the Corporation, the State, and the Rhode Island Department of Transportation. The Corporation may from time to time sell or otherwise dispose of any item constituting part of the Facilities if the item is being sold in the normal course of maintaining the Facilities and such sale will not materially adversely affect the security for the 2013 Series B/C Bonds, the rights of the Bondholders, or the operation of the Facilities as an Airport Facility.

In addition, this Agreement may be assigned, in whole or in part, and the Facilities may be sold or leased as a whole or in part, by the Corporation without the necessity of obtaining the consent of the EDC, subject however, to the following conditions:

(a) No sale, assignment or lease shall relieve the Corporation from primary liability for any of its obligations under this Agreement, and in the event of any such sale, assignment or lease, the Corporation shall continue to remain primarily liable for the payments specified in Section 4.02 hereof, and for the performance and observance of all other agreements or covenants on its part herein provided; and

(b) The Corporation shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the EDC and the Trustee a true and complete copy of each such agreement of assignment, sale or lease, as the case may be, which involves aggregate payments in excess of \$100,000 per year.

SECTION 6.02. Except for the EDC's rights and interest with respect to indemnification under Section 4.06 hereof, its right to receive payments pursuant to Section 5.01 hereof, the EDC will, by the terms of the Indenture, assign its rights under and interest in this Agreement and will pledge and assign any payments, receipts and revenues receivable under or pursuant to this Agreement, any moneys receivable by the EDC due to other payments made in connection with the transactions contemplated by this Agreement or the Indenture and income earned by the investment of Funds and Accounts held under the Indenture and the securities held in such Funds to the Trustee as security for payment of the Principal Amount of, Redemption Premium, if any, and Interest on the 2013 Series B/C Bonds. Except as provided in this Agreement and in the Indenture, the EDC will not sell, assign, transfer, convey or otherwise dispose of its interest in this Agreement, or the receipts and revenues therefrom, during the term of this Agreement.

## ARTICLE VII

### OPTIONS AND OBLIGATIONS TO PREPAY LOAN

#### SECTION 7.01.

(a) The Corporation shall have, and is hereby granted, the option to prepay, at any time after [July 1, 2023] payment, in full or in part, the unpaid amounts payable under Section 4.02 hereof with respect to all or a portion of the 2013 Series B/C Bonds then outstanding, upon notice as hereinafter described and payment of a sum sufficient, together with other sums held by the Trustee and available for such purpose:

(i) To pay 100% of the unpaid Principal Amount of the 2013 Series B/C Bonds then Outstanding and being redeemed under the Indenture,

(ii) To pay the Interest which will become due on the 2013 Series B/C Bonds to the date or dates fixed for prepayment, and

(iii) To pay any applicable Redemption Premium with respect to the 2013 Series B/C Bonds.

The Corporation shall give forty-five (45) days notice of its intention to prepay the loan pursuant to this Section by the delivery of a certificate of an Authorized Representative of the Corporation to the Trustee and the EDC to call or provide for payment to maturity of the 2013 Series B/C Bonds in full or in part on a date specified in such certificate (which shall not be less than thirty (30) days nor more than sixty (60) days after the date of such notice).

The obligations to make payments required by this Section of the Agreement shall be satisfied in the same manner as the 2013 Series B/C Bonds are deemed to be paid pursuant to Article X of the Indenture.

## ARTICLE VIII

### DEFAULT AND REMEDIES

SECTION 8.01. The following shall be "Events of Default" under this Agreement:

- (a) Failure by the Corporation to make payments pursuant to Section 4.02 of this Agreement.
- (b) Failure by the Corporation to perform or observe any other covenant, agreement or provision to be performed or observed by the Corporation under this Agreement, or if any representation or warranty of the Corporation contained in this Agreement shall be materially false on the date as of which it was made, and such failure or falsehood shall not be rectified or cured to the satisfaction of the Trustee, as provided in Section 8.05, within thirty (30) days after written notice thereof by the Trustee to the Corporation, unless the Corporation shall be unable to rectify or cure such failure within said thirty (30) days after good faith efforts to do so, in which case such cure period maybe for such extended period as the EDC shall determine, in its discretion, to be appropriate.
- (c) An Event of Bankruptcy of the Corporation shall occur.

SECTION 8.02. Whenever any Event of Default hereunder shall have happened, the EDC may take any action at law to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement.

WHETHER OR NOT THE EDC ELECTS TO EMPLOY ANY OR ALL OF THE REMEDIES AVAILABLE TO IT UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, THE EDC SHALL NOT BE LIABLE FOR THE CONSTRUCTION OF OR FAILURE TO CONSTRUCT OR COMPLETE OR PROTECT THE PROJECT OR THE FACILITIES OR FOR PAYMENT OF ANY EXPENSE INCURRED IN CONNECTION WITH THE EXERCISE OF ANY REMEDY AVAILABLE TO THE EDC FOR THE

CONSTRUCTION OR COMPLETION OF THE PROJECT OR THE FACILITIES OR FOR THE PERFORMANCE OR NON-PERFORMANCE OF ANY OTHER OBLIGATION OF THE CORPORATION.

SECTION 8.03. No remedy conferred upon or reserved to the EDC is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the EDC to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 8.04. If the Corporation shall default under any of the provisions of this Agreement and the EDC or the Trustee shall employ attorneys or incur other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation contained herein, the Corporation will on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

SECTION 8.05. In the event that any agreement contained herein shall be breached by either party and such breach shall thereafter be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. The EDC may waive a breach by the Corporation of the covenants contained in Sections 5.01 and 5.03, of this Loan Agreement without the consent of the Trustee or the Bondholders provided that such waiver will not materially adversely affect the Bondholders' rights and remedies under this Agreement and the EDC notifies the Trustee in writing of any such waiver. The EDC shall have no power to waive any other default hereunder by the Corporation without the consent of the Trustee or the Bondholders to such waiver, all as provided for in this Loan Agreement.

## ARTICLE IX

### MISCELLANEOUS

SECTION 9.01. Any amounts remaining in the 2013 Series B Interest Account, the 2013 Series C Interest Account, the 2013 Series B Principal Account, the 2013 Series C Principal Account, the 2013 Series B Redemption Account, the 2013 Series C Redemption Account, the 2013 Debt Service Reserve Account, after payment in full of the 2013 Series B/C Bonds (including Interest and Redemption Premium, if any, thereof), or provision for payment thereof having been made in accordance with the provisions of the Master Indenture or the Tenth Supplemental Indenture, and payment of all other obligations incurred by the EDC under this Agreement, including (without limitation) interest, premiums and other charges, if any, thereon, shall belong to the Corporation in accordance with the provisions of the Indenture.

SECTION 9.02. All notices, certificates, requests or other communications between the EDC, the Corporation and the Trustee required to be given hereunder or under the Indenture shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, addressed as follows:

(a) To the EDC at:

315 Iron Horse Way, Suite 101  
Providence, Rhode Island 02908  
Attention: Executive Director

with a copy to:

Thomas E. Carlotto, Esquire  
Shechtman Halperin Savage, LLP  
1080 Main Street, Pawtucket, RI 02860

(b) To the Corporation at:

T.F. Green Airport  
2000 Post Road  
Warwick, Rhode Island 02886  
Attention: President and CEO

with a copy to:

Peter A. Frazier, Esquire  
General Counsel to RIAC  
2000 Post Road  
Warwick, Rhode Island 02886

(c) To the Trustee at:

U.S. Bank National Association Corporate Trust  
One Federal Street, 3rd Floor  
Boston, Massachusetts 02110

A duplicate copy of each notice, certificate, request or other communication given hereunder to the EDC, the Corporation and the Trustee shall also be given to the others. The Corporation, the EDC, and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 9.03. This Agreement shall inure to the benefit of and shall be binding upon the EDC, the Corporation, and their respective successors and assigns, subject to the limitation that any obligation of the EDC created by or arising out of this Agreement shall be a special obligation of the EDC, payable solely from the proceeds derived from or in connection with this

Agreement as provided herein or in the Indenture and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit of the EDC.

SECTION 9.04. Except as otherwise provided in this Agreement or in the Indenture, subsequent to the initial issuance of the 2013 Series B/C Bonds and prior to payment or provision for the payment of the 2013 Series B/C Bonds in full (including Interest and Redemption Premium, if any, thereon) in accordance with the provisions of the Indenture, and payment or provisions for the payment of other obligations incurred by the EDC to pay the Costs of the Project, including interest, premiums and other charges, if any, thereon, this Agreement may not be amended, changed, modified, altered or terminated so as adversely to affect the interest of the Holders of the 2013 Series B/C Bonds without the prior written consent of the Holders of majority of the aggregate Principal Amount of 2013 Series B/C Bonds Outstanding.

No amendment, change, modification, alteration or termination of this Agreement shall be made without the prior written consent of the Trustee and other than pursuant to a written instrument signed by the EDC and the Corporation and approved by the Trustee.

SECTION 9.05. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same Agreement.

SECTION 9.06. If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

In case any agreement or obligation contained in this Agreement is held to be in violation of any applicable law, including, without limitation, any law relating to the lending of money, then such agreement or obligation shall be deemed to be the binding agreement or obligation of the EDC of the Corporation, as the case may be, to the extent permitted by law.

SECTION 9.07. The laws of the State shall govern the construction of this Agreement.

**\*Signatures on Next Page\***



IN WITNESS WHEREOF, the Rhode Island Economic Development Corporation has caused this Agreement to be executed in its name by its Authorized Officer and its official seal to be impressed herein and attested by its Authorized Officer, the Rhode Island Airport Corporation has caused this Agreement to be executed in its name by its Authorized Officer and its seal to be impressed hereon and attested by its Authorized Officer and U.S. Bank National Association, as Trustee has acknowledged the same.

[SEAL]

RHODE ISLAND ECONOMIC  
DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

Attest:

\_\_\_\_\_  
Authorized Officer

RHODE ISLAND AIRPORT  
CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

[SEAL]

Attest:

\_\_\_\_\_  
Authorized Officer

ACKNOWLEDGED:

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

